In the

Supreme Court of the United States

OCTOBER TERM, 1960

No. 21.

ARO MANUFACTURING CO., INC., ET AL.,

PETITIONERS,

v.

CONVERTIBLE TOP REPLACEMENT CO., INC.,

RESPONDENT.

BRIEF FOR THE PETITIONERS

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BRIEF FOR THE PETITIONERS

Opinions Below

The opinion of the District Court (R. 33-41)* is reported at 119 U.S.P.Q. 122 and its opinion denying respondent's motion to supplement the pleadings is reported at 123

* The record before the Court includes the entire original record, excepting non-paper exhibits, certified to the Court of Appeals. Portions of this record have been printed in three volumes. Volumes I, II and III contain pp. 1-403, 405-622 and 623-56, respectively. Reference to this printed record is by "R.".

Counsels for petitioners and respondent have stipulated that either party may refer to unprinted portions of the certified record. The unprinted transcript of testimony at the trial consists of eight volumes. The pages contained in each volume are as follow: I, 1-165; II, 166-307; III, 308-450; IV, 451-559; V, 560-680; VI, 681-821; VII, 822-969; and VIII, 970-1089. Reference to this transcript is by "Tr.".

U.S.P.Q. 340. The opinion of the Court of Appeals (R. 647-655) is reported at 270 F.2d 200, 122 U.S.P.Q. 536.

Jurisdiction

The judgment of the Court of Appeals was entered on August 31, 1959 (R. 656). A petition for rehearing filed September 9, 1959 was denied on September 15, 1959. *Ibid.* The petition for certiorari was filed December 11, 1959 and was granted February 29, 1960. *Ibid.* The jurisdiction of this Court rests on 28 U.S.C. § 1254(1).

Questions Presented

The Mackie-Duluk patent in suit relates to convertible-type automobile folding tops with an improved automatic sealing arrangement at the rear for minimizing rain water leakage. Each claim to this improvement recites a combination of a convertible top fabric, supporting structures, and a mechanism for automatically effecting a seal of the fabric against the inside of the automobile body as the top is raised to prevent water from entering the interior of the automobile. The convertible top fabric alone is not claimed as an invention in the patent. The petitioner makes, sells and installs only convertible top fabrics which replace worn fabrics in convertible automobiles. The questions presented are:

1. Whether the contributory infringement provisions in 35 U.S.C. § 271 authorize the patentee to prevent the sale of the unpatented top fabrics, each top fabric being an essential element of the patented combination especially cut and intended for use in convertible automobiles having the patented combination.

2. Whether the owner of a convertible automobile purchased from a manufacturer who has been released from liability for infringement of the patent for a combination, thereafter infringes the patent by replacing the worn fabric with one made by a replacement top fabric manufacturer who does not pay royalties to the patentee.

3. Whether the patent is misused when the owner of two combination patents covering convertible automobile automatic folding tops assigns a territorial grant limited to Massachusetts under only the patent in suit to a newly-formed corporation just before the latter brings suit while the owner continues to receive royalties under both patents for the sale of replacements for worn unpatented convertible top fabrics.

4. Whether article I, section 8 of the Constitution authorizes Congress to enact legislation granting the patentee the right to a limited monopoly over the unpatented top fabrics intended for use as a part of the patented combination when the top fabric itself is not an invention.

Constitutional Provisions Involved

The Congress shall have Power . . . To promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries. U. S. Const. art. I, § 8.

Statutory Provisions Involved

The statutory provisions involved are 35 U.S.C. Sections 103, 112, 271 and 282 of the patent laws and 15 U.S.C. Sections 1-3, 7, 14, and 15 of the antitrust laws. 69 Stat.

282 (1955), 26 Stat. 210 (1890), 38 Stat. 731 (1914). They are printed in Appendix A, *infra*, pp. 76-80.

Statement

The Mackie-Duluk Patent No. 2,569,724 in suit was issued on October 2, 1951 to General Motors Corporation (Pl. Ex. 1; R. 104, 593). The patent is entitled CONVERTIBLE FOLDING TOP WITH AUTOMATIC SEAL AT REAR QUARTER. It relates to a convertible-type automobile folding top with an improved automatic sealing arrangement to minimize water leakage. Each claim in the patent is to a combination shown in Fig. 1 of the patent (R. 589) including, a folding bow structure **1** supported on an automobile body **4**, flexible top material **20** supported by the folding bow structure **1** and extending downwardly at the sides toward the rear where the lower portion **28** of the flexible top material is connected to a rain trough **22**, and a wiping arm **10** operatively connected to the folding bow structure so that it rises from the position outlined by dashed-dotted lines to press the flexible material **20** into sealing contact with an inside surface of the body when the top is raised as shown in Fig. 2 of the patent. *Ibid.* No claim in the patent covers the flexible top material alone (R. 594-95).

General Motors Co. 1950-53 models and Ford Motor Co. 1952-54 models of convertible-type automobiles, include as original equipment the combination claimed in the Mackie-Duluk patent (R. 111-12, 24).

The flexible top material, or fabric, is usually replaced every three years or even oftener. Thus the normal life of the fabric is several times less than that of the car (R. 33). Car manufacturers themselves have little interest in either manufacturing or replacing the top fabrics. Consequently, there has grown up a sizeable independent replacement top

fabric industry of which petitioners are in Massachusetts, and perhaps nationally, leaders. The petitioners make, sell and install the fabric but do not manufacture, or install any metal parts, components or adjuncts. Unlike the fabric, all such metal parts normally last the life of the car (R. 34).

Respondent, Convertible Top Replacement Co. acquired a Massachusetts territorial grant in the Mackie-Duluk patent ten days before bringing suit (R. 7, 1). Automobile Body Research Corporation, the respondent's assignor, retained the remaining rights in the Mackie-Duluk patent (R. 7) and all the rights in the Ackermans Patent No. 2,549,154 (Def. Ex. GG; R. 267, 567-78; Pl. Ex. 9a, Tr. 14, R. 473) covering automatic folding top assembly combinations also alleged to infringe the Mackie-Duluk patent (R. 31-32, 473-74). Automobile Body continued to receive royalties on replacement top fabrics made specifically for 1950-53 General Motors cars and 1952-54 Ford Motor cars (R. 32). Automobile Body had acquired the Ackermans patent (Wright Dep. Ex. 4; Tr. 879, R. 617) shortly after being organized (R. 101) following a holding in a suit brought by Ackermans that General Motors was liable for infringing the Ackermans patent.[1]

Several transactions involving the transfer of rights under these patents followed the conclusion of that suit. General Motors assigned the Mackie-Duluk patent to Automobile Body and retained a royalty free license under this patent (Def. Ex. CC; R. 241, 509). General Motors also agreed to pay Automobile Body royalties under the Ackermans patent for the sale of replacement top fabrics (R. 31). The top fabric is not separately claimed in the Ackermans patent (R. 576-78).

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[1] *Ackermans* v. *General Motors Corp.*, 202 F.2d 642 (4th Cir.); *cert. denied*, 345 U.S. 996 (1953) reversed the Maryland District Court's finding of lack of invention. 108 F. Supp. 368 (D. Md. 1952).

Automobile Body signed an agreement with Ford Motor Co. on July 21, 1955. In it, Automobile Body released Ford and users of its products of all claims that Automobile Body then had or might have against it or them for infringement of the Ackermans and Mackie-Duluk patents arising out of the manufacture, use or sale of devices disclosed in these patents and manufactured before December 31, 1955, other than the "replacement top fabrics" licensed under a separate paragraph of the agreement (Def. Ex. DD; R. 241, 510-11). Under this separate paragraph, Ford also agreed to pay royalties to Automobile Body under both patents for the sale of "replacement top fabrics which, if sold without the patent owner's consent, would constitute contributory infringement . . . under 35 United States Code, § 271" (R. 511-12). Automobile Body believed that it had the right to consider the replacement top patented and intended that the release granted to users of Ford Motor Company cars run out "when the original fabric wears out and is replaced." (Deposition of William D. Hall, July 3, 1958, p. 109; Tr. 880-84).

Later Automobile Body licensed Atlas International, a nationally prominent manufacturer of replacement top fabrics, under both patents to sell replacement top fabrics on condition that Atlas pay a royalty on the sale of each replacement top fabric for use in 1950-54 General Motors cars, 1952-54 Ford Motor Company cars, 1953 Chrysler Corporation cars and "any model of car after the 1955 model where the manufacturer of the car marks one or more of the above patent numbers on new cars of that model or pays royalty on the replacement top fabrics that it sells for that model" "without regard to whether such top is covered by either of said patents" (Wright Dep. Ex. 4, Tr. 879, R. 617-18).

Petitioner Aro Manufacturing Co. was first charged with contributory infringement of both patents in a letter dated

January 2, 1954 from counsel for Automobile Body (Pl. Ex. 9a; Tr. 14, R. 473-74). Aro changed its fabric construction after consultation with its counsel and through its counsel refused to accept an offer for a license to sell replacement fabrics (Pl. Ex. 9d; Tr. 14, R. 475-76).

On April 5, 1956 respondent Convertible Top Replacement Corporation was organized as a Maryland corporation (R. 264, 6, 634). On April 17, 1956 Automobile Body assigned respondent a territorial grant under the Mackie-Duluk patent only, restricted to Massachusetts (R. 7). Ten days after this assignment and twenty-two days after its incorporation, respondent commenced this action on April 27, 1956 (R. 1).

The residential address of Elliott I. Pollock, counsel for respondent, (1959 Washington Metropolitan Area Telephone Directory 955) the business address of respondent (R. 264, 635) and the address of Vivian L. Pollock, respondent's president and one of its three stockholders (R. 264, 635), are the same. Counsel for respondent, is in the same law firm with William D. Hall, counsel for Automobile Body (Pl. Ex. 9a, Tr. 14, R. 473-74; Dep. of William D. Hall p. 105, Tr. 880-84). Respondent has derived no income from the patent in suit (R. 264, 635) nor from any other source (R. 264, 628, 635-36).

The jurisdiction of the District Court was invoked because the case arose under the patent laws of the United States (R. 6). The District Court found the Mackie-Duluk patent infringed by replacing only the worn top fabrics and contributorily infringed under 35 U.S.C. § 271(c) by selling the replacement top fabrics specially cut and intended for use in the automobiles incorporating the patented combination as original equipment (R. 42-43). The District Court ruled that replacing the worn top fabric was not a permissive repair (R. 39). Misuse was not found (R. 33 n.1).

The Court of Appeals affirmed in an opinion discussing only paragraph (c) of 35 U.S.C. § 271 without mentioning the *Mercoid* cases[2] decided by this Court, cases decided in other circuits interpreting the contributory infringement provisions of section 271, or the legislative history.

In considering whether replacing the worn fabric was an infringement, the Court of Appeals distinguished the *Morgan Envelope* case[3] decided by this Court by saying:

> Since the element replaced by the defendant-appellants was a patented component of the Mackie-Dulu combination, the cases . . . upon which they rely, are not in point, for the elements replaced by the defendant in those cases, the roll of toilet paper and the abrasive stone, respectively, were not patented elements of the devices covered by the patents there in suit" (R. 651 n.2).

The Court of Appeals said that the top fabric itself was covered by the patent (R. 651). While the opinion states that the patentees achieved their objective by devising a patentable *combination* of elements (R. 650), it also states:

> . . . It is true that the District Court found that it was not new to bring "the fabric from outside the tonneau at the rear quarters, inside." But it found that the patentees were the first to extend the flaps down far enough so that their bottom lines were at the axis of rotation of the bows and to show that there the fabric could be permanently attached to the bows and the tonneau without ripping when the top was lowered or raised, and that therein lay the patentable novelty of the patentee's fabric (R. 651).

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[2] Mercoid Corp. v. Mid-Continent Inv. Co., 320 U.S. 661 (1944); Mercoid Corp. v. Minneapolis-Honeywell Regulator Co., 320 U.S. 680 (1944).

[3] Morgan Envelope Co. v. Albany Paper Co., 152 U.S. 425 (1894).

Summary of Argument

The scope of monopoly rights granted by respondent's combination patent is defined by its claims. *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502, 510 (1917). Since the top fabric alone is not separately claimed, it is unpatented. Respondent's combination patent confers no monopoly rights over the unpatented top fabric though it is one element of the patented combination, *Carbice Corp.* v. *American Patents Dev. Co.*, 283 U.S. 27 (1931), specially designed for use in the patented combination and having no other actual commercial use. *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661 (1944). The purchasers and users of unpatented top fabrics are not infringers of respondent's combination patent, and petitioners are not liable for contributory infringement in selling top fabrics to such purchasers and users. 35 U.S.C. § 271 (1952).

A whole title of the United States Code is devoted to obtaining and enforcing patent rights. 35 U.S.C. §§ 1-293 (1952). It provides for the establishment of the Patent Office. 35 U.S.C. §§ 1-14. It requires examination of each application, 35 U.S.C. §§ 131-135, by Patent Office technically and legally qualified experts for compliance with formal requirements, 35 U.S.C. §§ 111-122, and standards of patentability, 35 U.S.C. §§ 100-104, before a patent is granted. 35 U.S.C. § 131.

The statute requires the applicant to particularly point out and distinctly claim the subject matter which he regards as his invention. 35 U.S.C. § 112. To interpret the contributory infringement provisions of section 271 to extend the coverage of a combination patent over one of the separate elements in the combination is inconsistent with the requirements for distinctly claiming the alleged invention and subjecting it to examination by the technically and legally qualified experts in the Patent Office. The court

below erred in construing these provisions as extending respondent's patent monopoly over a combination to the unpatented top fabrics used in the combination. The purpose of these provisions is to prevent a substantive infringer from escaping the consequences of infringement by an overly technical interpretation of the patent claims. Monopoly rights over the top fabrics could have been obtained only in the manner required by the statute. *Mercoid Corp.* v. *Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680, 684 (1944).

Respondent has no right to force the owner of a convertible automobile to discontinue use of the machine when the original top fabric wears out. *Wilson* v. *Simpson*, 50 U.S. (9 How.) 109 (1850). Nor can respondent or its assignor condition the original sale of the machine on the user of the machine buying replacement top fabrics from a source designated by respondent or its assignor. Clayton Act § 3, 38 Stat. 731 (1914), 15 U.S.C. § 14 (1958); See *United States* v. *Univis Lens Co.*, 316 U.S. 241, 251 (1942). The patentee's reward comes from the profit or royalty associated with the initial sale of each patented combination, but he is not entitled to an additional royalty thereafter when one of the unpatented parts of the combination is replaced. *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U.S. 425, 432 (1894). Therefore, the owner of a convertible automobile covered by respondent's combination patent does not become an infringer by replacing the worn fabric, and petitioners cannot be amerced as contributory infringers for selling, advertising or installing unpatented replacement fabrics. 35 U.S.C. §271.

It is difficult to conclude that respondent was formed for any other purpose than to bring this suit. It was formed 22 days before bringing suit and received a territorial grant limited to Massachusetts in only the patent in suit ten days before suit was brought. Meanwhile, its assignor continued

to receive royalties for the sale of unpatented replacement fabrics under both the patent in suit and a related patent while escaping the responsibilities of a party under the Federal Rules of Civil Procedure to make all relevant information readily available. See FED. R. CIV. P. 26(d)(2), 33 and 34. The conduct of respondent and its assignor is far below the high standards which a federal court requires of one seeking to enforce the federally granted privileges of a patent. 35 U.S.C. § 282(1); *Precision Co. v. Automotive Co.*, 324 U.S. 806 (1945). Respondent is barred from maintaining this action by reason of its unclean hands.

The top fabric alone is not an invention because a change of form or size in a thing is an insufficient change to meet the constitutional standard of invention. *Hill v. Wooster*, 132 U.S. 693, 700-01 (1890). The Constitution authorizes Congress to grant the inventor exclusive rights to his discovery for a limited time. U.S. CONST., art. I, § 8. Hence, the construction of the court below affording monopoly protection over a part of the discovery is unconstitutional, *Mercoid Co. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 680 (1944). (dissenting opinion) (dictum), because the top fabric alone is not an invention.

Argument

I.

THE TOP FABRICS ARE NOT PATENTED. THE STATUTORY PROVISIONS ON CONTRIBUTORY INFRINGEMENT DO NOT AUTHORIZE THE OWNER OF A COMBINATION PATENT TO EXTEND HIS MONOPOLY TO UNPATENTED PARTS USED IN THE COMBINATION.

This Court has held that a patent on a combination does not cover one of the separate unpatented parts which make up the combination, even though that part is essen-

tial to the combination and its addition to the combination represents the point of novelty; and that one who supplied such unpatented part, even though it was not a common article of commerce and was expressly designed for use in the patented combination, could not be held as a contributory infringer. *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661 (1944). And the attempt to exercise monopoly control over such unpatented parts was held to be a misuse of the combination patent subjecting the patentee to liability for violating the antitrust laws. *Ibid.*

We believe that a logical analysis of the Patent Act of 1952[4] supports a conclusion that the holding in *Mercoid* applies whenever the owner of a combination patent attempts to extend his legal monopoly to restrain competition in any single unpatented part, regardless of whether the part is an invention which could have been patented at the time the application for the combination patent was filed. If the inventor wants monopoly control over a part used in the combination, he must apply for a patent for that part "in the manner provided by law." *Mercoid Corp.* v. *Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680, 684 (1944).

The instant case involves basic questions concerning the relationship between the patent and antitrust laws, particularly with respect to the scope of the immunity from the prohibitions of the antitrust laws which the patentee receives from the patent grant. The antitrust laws condemn activities which tend to lessen competition in commerce, for restrictions on competition prevent the public from obtaining the benefits of better products and services at lower costs resulting from the efforts of sellers to outperform each other and thereby capture more consumer dollars in a free market. On the other hand, the grant of a patent

[4] 35 U.S.C. §§ 1-293.

gives the patentee the right to exclude all competition in the patented invention. In other words, the federally granted privilege to exclude competition in a product is conditioned upon the product being both patented; that is, covered by a claim in an issued patent, and patentable; that is, an invention.

An article, machine or process is patentable only if it meets the constitutional[5] and statutory[6] standards of invention. But even if it is patentable, no monopoly rights attach unless it is patented. And it is not patented unless described by all the language in an issued patent claim[7] after examination[8] by an expert Patent Office[9] Examiner who approves a grant of a patent covering the subject matter defined by the claims only when the patent application meets the formal and substantive requirements of the patent laws.[10]

The preceding brief discussion introduces the statutory environment surrounding the infringement provisions of 35 U.S.C. § 271. An understanding of the elaborate examining operation which Congress authorized in Title 35 of the United States Code is important for properly determining the purposes and scope of the contributory infringement provisions of section 271 in paragraphs (b) and (c) and the provisions of paragraph (d) defining some situations in which a patentee is not subject to a charge of having misused his patent. While only paragraph (c) was cited by the courts below (R. 38, 648, 652), respondent has as-

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[5] Hill v. Wooster, 132 U.S. 693, 701 (1890); Thompson v. Boisselier, 114 U.S. 1, 11 (1885); A. & P. Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 155 (1950) (concurring opinion).

[6] 35 U.S.C. § 103 (1952), *infra*, 76-77.

[7] Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U.S. 502, 510 (1917).

[8] 35 U.S.C. §§ 131-132 (1952).

[9] The provisions authorizing the Patent Office operation are 35 U.S.C. §§ 1-14 (1952).

[10] 35 U.S.C. §§ 100-104, 111-121 (1952).

serted rights under paragraphs (a) and (b) (Respondent's Brief in Opposition pp. 4-7). Respondent also suggests that this action to enjoin the sale of unpatented top fabrics is sanctioned by paragraph (d) (Reply Brief for Respondent to the United States Memorandum p. 4).

Therefore, we shall discuss why we believe the petitioners have not directly or contributorily infringed respondent's combination patent by selling or installing unpatented top fabrics. A corollary of this discussion is that paragraph (d) does not excuse respondent or its assignor from the consequences of using combination patents to restrain competition in unpatented replacement top fabrics. That petitioners do not contributorily or directly infringe will be better understood by positively stating what seems to be the proper scope of these provisions. And the proper scope of the provisions become clearer after considering the overall statutory plan for obtaining and enforcing patent rights in the light of the constitutional purpose to promote the progress of the useful arts.[11]

II.

The Grant of a Patent Is Conditioned Upon Meeting Statutory Requirements. Congress Delegated the Responsibility of Issuing Patent Grants to the Technically and Legally Qualified Experts In the Patent Office Only After An Examination Finding That These Requirements Have Been Met.

The exclusive right which the Constitution authorizes Congress to secure to inventors exists only because Congress has acted to secure that right. It therefore follows that the granting of patent rights are subject to the inventor complying with the conditions established by Congress. *Pennock* v. *Dialogue*, 27 U.S. (2 Pet.) 1, 16-17 (1829).

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[11] See *Supermarket*, *supra* note 5.

Congress enacted 35 U.S.C. §§ 1-293 to set forth the plan for receiving and enforcing patent rights when the constitutional and statutory standards for patentability are met and the conduct of the patentee does not otherwise bar him from exercising these rights.[12] Congress delegated primary responsibility to the Patent Office for granting a patent only when the procedural and substantive requirements of the statute are satisfied. The statute even provides for judicial review of Patent Office decisions refusing to grant the patent rights sought by an applicant.[13]

The substantive standards and the statutory plan condition the grant of a patent on the subject matter being new, useful and representing a patentable departure over what was known before, the previously known subject matter being the prior art defined in the statute.[14] A patentable departure is that change which would not have been obvious to one having ordinary skill in the field of the subject matter sought to be patented and knowing all the prior art.[15] The role of this hypothetical "man skilled in the art" is initially filled by a Patent Office Examiner who is technically qualified in the subject matter which he examines. He makes a determination of the obviousness of the subject matter sought to be patented after conducting an extensive search of Patent Office records[16] for prior related domestic patents, foreign patents and printed publications.

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[12] Unenforceability is a defense to an infringement suit. 35 U.S.C. § 282(1), (1952). It was added by a Senate amendment, 98 CONG. REC. 9323 (1952), and approved by the House. *Id.* 9451.

[13] 35 U.S.C. §§ 141-146 (1952).

[14] 35 U.S.C. § 102 (1952).

[15] 35 U.S.C. § 103 (1952) *infra*, 76-77.

[16] 35 U.S.C. §§ 1, 8, 9, 13 (1952). These provisions authorize maintenance of records and a scientific library, classification of publications to facilitate determining with accuracy the novelty of inventions for which patent applications are filed, and exchange of patents with foreign patent offices.

The statute establishes procedures to facilitate determining whether the requirements of the statute have been met. The applicant is required to file a specification in which he describes the principles of his invention and an example of a useful device which incorporates these principles with sufficient clarity to enable a person of ordinary skill in the field of the subject matter to actually build the device and benefit from the disclosed principles after the patent monopoly has expired.[17]

The applicant is required to define what he regards as his invention in claims appended to the specification.[18] These claims are nothing more than a word picture of what the applicant regards as his invention. Since the claims in an issued patent define the scope of the patent monopoly, the applicant normally tries to use terms in his claim sufficiently broad to describe all possible structure which would incorporate his inventive principles.

The claims initially presented by the applicant define the area of prior patents and publications which is searched by the Patent Office Examiner.[19] Many Examiners convert

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[17] 35 U.S.C. § 112 (1952), *infra*, 77.

[18] *Ibid.*

[19] The *Manual of Patent Examining Procedure* (2d ed. 1953, rev. 1958) [hereinafter referred to as M.P.E.P.] consists of 216 pages of instructions which guide the Examiners in determining whether the substantive and procedural requirements for obtaining a patent have been met by the patent application. Examination is required by the provisions of 35 U.S.C. § 131 (1952).

The *Manual* states:

> The examination is to ascertain two things:
>
> 1. Is the applicant the first inventor of a patentable invention?
> 2. Has he taken the necessary steps to obtain a patent?
>
> M.P.E.P. ¶ 701.

The 236 rules of practice in patent cases guide applicants and their attorneys who seek patent protection. 35 U.S.C. §§ 1.1-1.352 (1958).

The *Manual* directs the Examiner to search for material pertinent to the subject matter as claimed, or that may in the future properly be claimed in the application. M.P.E.P. ¶ 904.01 (d).

the word picture in a claim into a sketch.[20] The sketch is then compared with drawings in prior patents and publications to help the Examiner uncover pertinent prior art.

If only a combination of elements is claimed as the invention, such as the combination claimed by Mackie and Duluk, the Examiner directs his search toward finding old combinations which are fully or nearly described by the broad terms in the originally presented claims. He would normally not conduct a search to see if any of the individual elements of the claimed combination were shown in the prior art unless an individual element were itself separately claimed.

After completing his search, the Examiner rejects those claims which fully or nearly describe prior art.[21] The applicant then has an opportunity to persuade the Examiner that the claims describe an invention over the prior art uncovered by the Examiner. Usually the applicant also cancels claims and changes the wording of others to narrow the scope of what he regards as his invention and patentably distinguish his invention over the prior art.

If the wording of a claim does not define with particularity what the applicants regards as his invention, the Examiner will reject the claim as indefinite, as was done during the prosecution of the Mackie-Duluk application (Pl. Ex. 2; R. 104, 419, 437), until the applicant amends the claims to eliminate the indefiniteness, as the General Motors attorneys did in order to obtain the allowance of the claims (Pl. Ex. 2; R. 104, 451-59).

If an applicant for a patent on a combination discloses but does not claim a novel part in an application, the Examiner does not ordinarily compare the unclaimed part with the prior art to determine whether the part is an invention.

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[20] M.P.E.P. § 904.01 (a).
[21] M.P.E.P. § 707.07 (d).

The Examiner does not approve the grant of a patent unless the invention is disclosed in such clear terms that anyone skilled in the art can practice the invention and the claims define the inventive subject matter with particularity.[22] Hence, he cannot approve the grant of a patent covering a novel part which is not claimed as an invention.

This examination in the Patent Office is most important for it is the first and probably only opportunity for an unbiased person who has the technical skills required to evaluate whether the alleged invention is sufficiently disclosed and represents a patentable departure over the prior art. The expert witnesses who testify in a court action challenging the validity of a patent normally slant their testimony to favor the party for whom they testify. The judge is generally not an expert in the art related to the subject matter in issue and unless a special master is appointed, thereby increasing the cost of litigation, the merit of the patented subject matter as an invention is never evaluated by a disinterested expert after the Patent Office grants the patent.

III.

The Grant of the Patent Covering the Combination Including the Top Fabric Is Not the Grant of a Patent for the Top Fabric Alone Because Mackie and Duluk Did Not Fulfill the Requirements of the Statute for Separately Patenting the Top Fabric. This Patent Confers No Limited Monopoly Rights In Unpatented Top Fabrics Used In the Combination.

The entire file history of the Mackie-Duluk patent shows not even one claim directed to the top fabric alone (Pl. Ex.

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[22] 35 U.S.C. § 112 (1952), *infra* 77.

2, R. 104). During the course of the prosecution the General Motors attorneys who prosecuted this application said: "the whole combination is new and inventive." (Pl. Ex. 2, R. 104, 447), and

> "The real invention is fastening the folding material considerably below the top of the tonneau and then using a wiping arm automatically operated by the bow structure for wiping the inside of the folding material as the top is raised and pressing it against the top of the tonneau (*Id.* 445).

In arguing the validity of the patented combination over the prior art Ackermans patent, Mr. Pollock said:

> . . . [T]here is the important distinction that in Mackie-Duluk, the fabric extends down into the trough and is permanently attached to it . . .
>
> I will further note that in the Mackie-Duluk structure there is what we call a wiper arm. This wiper arm exerts pressure on the fabric or at least restricts the inward movement of the fabric. This becomes very important under actual operating conditions since this of itself prevents the top material at the rear quarter from being inside or from flapping about, due to wind forces or other forces which might be applied (R. 301).

The first time the respondent ever contended that the top fabric itself was an invention was in a footnote of the brief filed by respondent in the Court of Appeals (Brief for Appellee p. 8 fn.).

If an applicant discloses but does not claim patentable subject matter in an application which matures into a patent, that subject matter is unpatented. It may be freely used by the public just like any other unpatented subject

matter. *Special Equipment Co.* v. *Coe*, 324 U.S. 370, [illegible] (1945); *Rowell* v. *Lindsay*, 113 U.S. 97, 101 (1885); *Cox Planter Patent* 90 U.S. (23 Wall.) 381, 224 (1874). Thus, even if the top fabric itself were an invention, the patentee receives no grant to a monopoly over the fabric when it is not separately claimed. For as this Court said in *Mercoid*

> The patent is for a combination only. Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the monopoly. 320 U.S. at 667

and

> The fact that an unpatented part of a combination patent may distinguish the invention does not draw to it the privileges of a patent. That may be done only in the manner provided by law. However worthy it may be, however essential to the patent, an unpatented part of a combination patent is no more entitled to monopolistic protection than any other unpatented device . . . [A] patent on a combination is a patent on the assembled or functioning whole, not on the separate parts. 320 U.S. at 684.

We believe that if Mackie and Duluk had wished to draw the privileges of a patent to the top fabric, they should have done so in the manner provided by law by claiming the top fabric separately, describing and illustrating it fully,[23] and submitting it to examination by the Patent Office Examiner.

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[23] Most applications require a drawing. See 35 U.S.C. § [illegible] (1952). Rule 83 of the Patent Office Rules of Practice in Patent Cases reads as follows:

> **Content of Drawing.** The drawing must show every feature of the invention specified in the claims. When the invention consists of an improvement on an old machine the drawing must

IV.

The Provisions on Contributory Infringement Apply to Prevent in Substance the Patented Invention from Being Unfairly Appropriated, but They Do Not Permit the Patentee to Misuse a Combination Patent by Specifying the Source of Any of the Separate Unpatented Parts Which Make Up the Combination.

As will be developed below, we believe that the provisions of 35 U.S.C. § 271 (c)[24] on contributory infringement, relax the requirements that the patentee claim the subject matter he seeks to monopolize but only to the extent necessary to prevent injustice which would result from an over-technical reading of the patent claims. The patentee can then exclude the sale of certain subject matter which is technically unpatented if:

(1) Such subject matter being sold is in substance the combination of elements claimed with the exception of an unimportant background element;

when possible exhibit, in one or more views, the improved portion itself, disconnected from the old structure, and also in another view, so much only of the old structure as will suffice to show the connection of the invention therewith. 35 U.S.C. § 113 (1958).

Evidently Mackie and Duluk and the Patent Office regarded the top fabric as old structure, for the drawing shows only a fragment of the top fabric (Pl. Ex. 1, R. 104, 589, 591), this fragment being "so much only of the old structure as will suffice to show the connection of the invention therewith."

[24] Paragraph (c) reads:

> Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(2) The seller knows that the user will assemble the sold elements with the background element to complete the patented combination and thereby directly infringe the patent;

(3) Such subject matter was fairly subjected to examination by a Patent Office expert and found to meet the statutory and constitutional standards of invention; and

(4) Such users, the direct infringers, are so numerous and the infringing use by each so limited that suing and or licensing each direct infringer is impractical.

From our understanding of case law codified by section 271(b), paragraph (b)[25] would seem to authorize the owner of a patent to enjoin one who actively induces infringement by supplying infringers of a patented process with the complete means for practicing the method defined by the claim to the patented process if direct infringers are so numerous and infringement by each so limited that suing and or licensing each direct infringer is impractical. We also understand this paragraph as authorizing the patentee to take action against a corporate officer who actively induces infringement of a patent by the corporation under his control where direct action against the corporation is impractical. For example, the corporation may have no assets.

The provisions of paragraphs (b) and (c) might also be applicable where one sells all the elements of a patented combination in kit form with instructions to individua

[25] Paragraph (b) reads:

Whoever actively induces infringement of a patent shall be liable as an infringer.

users on assembling the elements to form the patented combination.

However, paragraphs (b) and (c) define contributory infringement in terms of infringement and there can be no contributory infringement without an infringement. Paragraph (a)[26] defines infringement in terms of making, using and selling the patented invention. If a user purchases a patented machine covered by a combination patent and manufactured by one who is released from liability for infringement by the patent owner, the user receives an implied license of use.[27] As will be developed below, we believe that the patentee has no right to tie the grant of this implied license to use to a condition that the user replace worn unpatented parts of the machine with replacement parts purchased from a source designated by the patentee. And the owner who is expressly or impliedly licensed to use a machine covered by a combination patent does not infringe the patent when he replaces or has replaced a worn unpatented part. It therefore follows that one who sells replacements for the worn unpatented parts cannot be answered as a contributory infringer.

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[26] Paragraph (a) reads:

> Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

[27] See *United States* v. *Univis Lens Co.*, 316 U.S. 241, 251 (1942) where Mr. Chief Justice Stone said in a unanimous opinion of the Court:

> Our decisions have uniformly recognized that the purpose of the patent law is fulfilled with respect to any particular article when the patentee has received his reward for the use of his invention by the sale of the article, and that once that purpose is realized the patent law affords no basis for restraining the use and enjoyment of the thing sold. *Adams* v. *Burke*, *supra*, [17 Wall.] 456; *Keeler* v. *Standard Folding Bed Co.*, 157 U.S. 659; *Motion Picture Co.* v. *Universal Film Co.*, 243 U.S. 502; and see cases collected in *General Pictures Co.* v. *Electric Co.*, 305 U.S. 124, 128, n.1.

We believe that paragraph (d)[28] does not sanction the use of a combination patent to foreclose competition in the patented parts used in the machine covered by the combination patent. On the other hand, if the patentee has a claim covering the combination making up the machine and another claim covering the part, he does not misuse the patent by seeking to exclude competition in the part, even if the claim to the part is found to be invalid. He is then only exercising monopoly control over a patented part. We also think that a patentee does not misuse a patent by trying to monopolize the sale of the patented invention minus some minor element recited in the claim and later added by an infringing user. This excuse from misuse would also seem to apply to the patentee trying to enjoin one who supplies an infringer with the complete means and instructions for infringing a patented process.

In other words, we believe that the test for determining whether a single patent is misused revolves around the scope of the patent claims. If the subject matter sought to be monopolized is described completely or very closely by all the language in a patent claim, there is no misuse even if the claim is held invalid and or not infringed. But if the subject matter sought to be monopolized is not described completely or very closely by all the claim language, the patent is misused and the patentee is subject to the consequences of having violated the antitrust laws.

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[28] Paragraph (d) reads:

> No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

We have interpreted paragraphs (b), (c) and (d) in the light of the legislative purpose in enacting the provisions on contributory infringement. One purpose of these provisions is to prevent the use of overly technical interpretations of the patent claims as a tool for sanctioning a substantive infringement where it is impractical to sue and or license direct infringers. A complementary purpose is to prevent a combination patentee from extending his monopoly over the combination to embrace unpatented parts.

We believe that legislative purpose should be determined by referring to:

1. The words of the statute being interpreted;[29]
2. Related statutory[30] and constitutional[31] provisions and their purposes;
3. Changes in the language of the statute as enacted from the language as originally presented and the reasons for the changes;[32]
4. Reports of the legislative committee responsible for recommending passage of the statute to the legislature;[33]
5. Statements by the legislator who sponsored the legislation;[34]

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[29] United States v. American Trucking Ass'ns, 310 U.S. 534, 543 (1940).

[30] Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222, 228 (1957). See also Mr. Justice Frankfurter, *Some Reflections on the Reading of Statutes*, 47 COLUM. L. REV. 527 (1947).

[31] *E.g.*, Trade-Mark Cases, 100 U.S. 82 (1879); Brown v. Duchesne, 60 U.S. (19 How.) 183, 195 (1856).

[32] United States v. Great Northern Ry. Co., 287 U.S. 144, 155 (1932); United States v. Pfitsch, 256 U.S. 547, 551 (1921).

[33] Cole v. Young, 351 U.S. 536, 549 (1956); McClean v. United States, 226 U.S. 374, 380 (1912).

[34] Duplex Printing Press Co. v. Deering, 254 U.S. 443, 475 (1921).

6. Statements by members of the responsible legislative committee;[35]

7. Statements before the responsible legislative committee by persons responsible for language in the statute.[36]

All of these factors are available for consideration in interpreting the contributory infringement provisions.

This Court has long recognized that the provisions of a statute should be interpreted so as to effectuate the purpose of the legislature.[37] Once the purpose is found, the application of the statute to a given fact situation is greatly simplified. There are often many legislative materials available which are useful in determining the legislative purpose.

Of course, the language employed in the statute is an important guide to the purpose of the legislature. Where the *purpose* is so clear from the words of the statute itself, reference to other legislative materials, such as the legislative history, only confirms the purpose determined from examining the language alone.[38] But where purpose cannot be ascertained from the words alone, other indicia should be examined.[39]

Professors Hart and Sacks concisely stated the task of statutory interpretation:

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[35] United States v. CIO, 335 U.S. 106, 116-120 (1948); *cf.* Shapiro v. United States, 335 U.S. 1, 14 n.19 (1948).

[36] Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222, 227 (1957); Cole v. Young, 351 U.S. 536, 550 (1956).

[37] Mastro Plastics Corp. v. NLRB, 350 U.S. 270 (1956); Stonite Products Co. v. Melvin Lloyd Co., 315 U.S. 561 (1942).

[38] Schwegmann Bros. v. Calvert Distillers Corp., 341 U.S. 384, 390 (1951).

[39] United States v. Dickerson, 310 U.S. 554, 562 (1940); United States v. American Trucking Ass'ns, 310 U.S. 534, 542-44 (1940).

In interpreting a statute a court should:

1. Decide what purpose ought to be attributed to the statute and to any subordinate provision of it which may be involved; and then

2. Interpret the words of the statute immediately in question so as to carry out the purpose as best it can, making sure, however, that it does not give the words either—

a. a meaning they will not bear, or

b. a meaning which would violate any established policy of clear statement.[40]

[A policy] . . . of clear statement call[s] for particular mention.

[It] . . . forbids a court to understand a legislature as directing a departure from a generally prevailing principle or policy of the law unless it does so clearly. This policy has special force when the departure is so great as to raise a serious question of constitutional power.[41]

We believe that the words of the provisions on contributory infringement will bear the meaning suggested by us in our proposed interpretation. *Infra*, 21-23. On the other hand, if these words are interpreted to allow the owner of a combination patent to extend his monopoly over the combination to cover unpatented parts used in the combination, the Court would be departing from the well-established policy developed in an unbroken line of cases from *Motion*

[40] HART & SACKS, THE LEGISLATIVE PROCESS, 1411 (1958 offset ed.).

[41] *Id.* at 1413.

Picture Patents to *International Salt*[42] that a patentee cannot use the leverage of a patent to monopolize unpatented parts, a policy approved by Congress as evidenced by pertinent portions of the legislative history reproduced below. In any event, we have so far been unable to find any statement by a member of Congress expressing disagreement with this wise policy. An interpretation of the words having the effect of conferring a limited monopoly over unpatented parts is also in conflict with other provisions of Title 35 specifying conditions which must be met before grant of a patent is approved. *Infra*, 14-18. And if the words are interpreted to give the patentee exclusive rights with respect to an unpatented part not an invention, we think that the provisions are unconstitutional. *Infra*, 69-74.

In expounding a statute, the Court must not be guided by a single sentence or part of a sentence, but must look to the provisions of the whole law, and to its object and policy.[43] Examining other provisions in Title 35 and looking to its object and policy is most important in interpreting the provisions of section 271 relating to infringement of patents. After Congress has provided for the establishment of a Patent Office staffed with technically qualified experts to examine a patent application for compliance with formal and substantive statutory requirements before granting a patent, we think it is wholly unreasonable to conclude that Congress enacted provisions on contributory

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[42] Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U.S. 502 (1917); Carbice Corp. v. American Patents Dev. Co., 283 U.S. 27 (1931); Leitch Mfg. Co. v. Barber Co., 302 U.S. 458 (1938); Morton Salt Co. v. Suppiger, 314 U.S. 488 (1942); B.B. Chemical v. Ellis, 314 U.S. 495 (1942); Mercoid Corp. v. Mid-Continent Inv. Co., 320 U.S. 661 (1944); International Salt Co. v. United States, 332 U.S. 392 (1947).

[43] Mastro Plastics Corp. v. NLRB, 350 U.S. 270 (1956); Pollard v. Bailey, 87 U.S. (20 Wall.) 520 (1874); Brown v. Duchesne, 60 U.S. (19 How.) 183, 194 (1856).

infringement which would have the effect of granting additional privileges to the owner of a combination patent permitting him to exercise monopoly control over an individual unpatented part of his combination without claiming that part and subjecting it to examination by the Patent Office.

Section 112 of the statute requires the patentee to claim his invention for a number of good reasons. We have already explained the important function of claims in defining the issues which the statute requires the Patent Office to resolve before granting a patent. *Infra*, 16-18. The claims also tell the public the arrangement of elements which may not be made, used or sold. If the patentee claims an element itself as an invention, the claims describe features of the element which distinguish it as an invention so that the public may avoid infringement by not making, using or selling an element with such features. *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502, 512 (1917). The claims also prevent the patentee from later asserting monopoly control over subject matter which he did not invent and submit for examination by the Patent Office. *Brooks* v. *Fiske*, 56 U.S. (15 How.) 211, 215 (1853).

Each of the claims in the patent in suit recites the combination of flexible top material, a folding bow mechanism, a wiping arm and the automobile body in a specified operative relationship. Thus, even if the top fabric itself were an invention, the patentee receives no monopoly rights over the fabric when it is not separately claimed.[44] And if the top fabric itself were an invention, it could have been claimed even if its only utility were in the patented combination.[45] The purposes of requiring the patentee

[44] Special Equipment Co. v. Coe, 324 U.S. 370, 376 (1945); Powell v. Lindsay, 113 U.S. 97, 101 (1885); Corn Planter Patent, 90 U.S. (23 Wall.) 181, 224 (1874).

[45] Special Equipment Co. v. Coe, *supra* note 44.

to claim his invention are frustrated if respondent and its assignor are allowed to use their combination patent to monopolize the unpatented top fabrics.

The legislative history supports our understanding that the provisions on contributory infringement are to be narrowly construed. Both House and Senate reports state that the purpose of this section in defining contributory infringement is to codify in statutory form principles of contributory infringement and that "[Section 271(c)]... is much more restricted than many proponents of contributory infringement believe should be the case."[46] And Congressman Bryson, the sponsor of H. R. 7794[47] which was enacted into Title 35, said in a speech to Philadelphia patent lawyers printed in the Congressional Record:

> In the section on infringement, an attempt has been made to write into the statute the judicial doctrine of contributory infringement in as noncontroversial a provision as possible. As you know, the Anti-Trust Division of the Department of Justice is opposed to this provision. It is their opinion that this provision extends the law of contributory infringement. The division contends that this places a limitation on the misuse doctrine, and they are opposed to any impairment thereof since the misuse doctrine is an important factor in the enforcement of the antitrust laws with respect to tying agreements. There also appears to be strenuous opposition to the provision by the manufacturers of parts. The subcommittee is cognizant of the difficulty of enforcing certain patents without

[46] S. Rep. No. 1979, 82d Cong., 2d Sess. at 9 (1952); H. Rep. No. 1923, 82nd Cong., 2d Sess. at 8 (1952).

[47] The provisions on infringement and contributory infringement in section 271; H.R. 7794; 82d Cong., 2d Sess. (1952); H.R. 3760, 82d Cong., 1st Sess. (1951); and H.R. 9133, 81st Cong., 2d Sess. (1950) are the same.

resorting to the doctrine of contributory infringement and the subcommittee believes that consideration of some form of this doctrine might be salutary. The real question we are faced with is the apparent controversial nature of this subject. As I stated earlier, this bill is planned to contain provisions on which there was substantial agreement. Whether this provision is substantially not controversial is questionable. However, the committee is presently studying the provision. I appreciate the task you members of the patent bar have had attempting to understand the versions of contributory infringement propounded by the courts. I am also aware of the abuse of the contributory infringement doctrine which the courts were trying to remedy, and that they eventually evolved the misuse doctrine to keep contributory infringement in line. It is that narrow area where contributory infringement may properly be applied that section 231 seeks to establish. However, I also understand that some very respectable authorities are of the opinion that there no longer is such doctrine in the law.[48]

The provisions in section 271 defining the liability of a seller of less than the whole of the patented combination were preceded by the provisions of section 3 of a bill originally endorsed by the New York Patent Law Association and the Hon. Giles Rich, then its vice president and now a judge on the Court of Customs and Patent Appeals. The original provisions read as follows:

> The sale of a component of a patented machine, manufacture, combination or composition, or a material or

[48] 98 Cong. Rec. A416 (1952).

apparatus for use in practicing a patented process, is especially made or adapted for use in an infringement of such patent, and not suitable for actual commercial noninfringing use, shall constitute contributory infringement. H.R. 3866, 81st Cong., 1st Sess. (1949); H.R. 5988, 80th Cong., 2d Sess. (1948).

Congressman Willis, presiding at hearings of the subcommittee which considered contributory infringement expressed what Congress was trying to do in enacting noncontroversial provisions on contributory infringement in a question put to John C. Stedman of the Antitrust Division of the Justice Department.

> Mr. Willis. Now would the situation be improved if we could find language to affirmatively define both . . . [contributory infringement and misuse] in such a way whereby the classic cases that we all agree with, the lamp case[49] and the dry ice case,[50] would be restored to our jurisprudence?
>
> Mr. Stedman. I am sure that it would be an improvement over the present bill, but I still think you would have difficulty in drawing that line. It is our view that the basic proposition that a person should not be able to use his patent to control commerce in an unpatented device whether it is adapted or not, is a sound proposition and should be retained in the law.
>
> . . . . . .
>
> Mr. Willis. I am sure that the proponents of the bill have no such thing in mind as doing away with the misuse doctrine. . . . [W]ould the effect of this bill be to disturb what I consider to be a very necessary

[49] Wallace v. Holmes, 29 Fed. Cas. 74 (No. 17,100) (D. Conn. 1871).

[50] Carbice Corp. v. American Patents Dev. Co., 283 U.S. 27 (1931).

doctrine, such as in the dry ice case? You can see danger there.[51]

The lamp case referred to by Congressman Willis was explained to the subcommittee by Judge Rich. The patent covered a kerosene lamp. It had a base in which the kerosene was placed. The base supported a brass burner mechanism which adjusted the wick up and down. Air vents were provided in the burner mechanism which supported a glass chimney. Judge Rich testified:

> . . . Now, when lamps were sold they were put on the shelves as articles of merchandise without chimneys, because chimneys were stocked in the store as separate items, being more or less perishable. . . .
>
> . . . The invention of the lamp, of course, was not in the base, which was nothing but a container for the kerosene, and it was not new, it was as old as the hills. But an improvement in the burner mechanism was new. But to describe a complete lamp you have to include the base and the chimney or it does not work. You cannot have a lamp with nothing but the burner mechanism, so these elements were in the claim. . . .
>
> . . . [T]he patent was on the complete lamp for the simple reason the claim described a complete lamp, but the inventive subject matter was in the burner mechanism.

Now the defendant said, "I have not infringed this patent because the claim of this patent includes the

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[51] *Hearings Before Subcommittee No. 4 of the House Committee on the Judiciary*, 80th Cong., 2d Sess., ser. 21 at 58 (1950) [hereinafter cited as *1949 Hearings*].

chimney as an essential element, and there is a rule in the patent law that the omission of an essential element from a combination voids the infringement. I just sell the base and burner. I do not infringe."[52]

Judge Rich continued:

How did the judge solve the problem? He did it just the way I think you would do it. He said this defendant has appropriated the invention and infringed the patent of this inventor and I am not going to let him get away with it because he leaves the chimney off.

What the judge said was this is a virtual infringement, and held the defendant liable.

Now, later on that type of a situation, instead of being called a virtual infringement, came to be called a contributory infringement; it was just a change of name.

Mr. [Congressman] BERNHARDT. What did the infringer sell exactly?

Mr. RICH. The entire kerosene lamp.

Mr. WILLIS. How can you apply the word "contributory" there? With the chimney left off, who is contributing to what?

Mr. RICH. Somewhere along the line there must be a direct infringement, and where does it take place? It took place in the home of the purchaser of that lamp when he took it home and put the chimney on it and the householder became the direct infringer.

Now, it is not practical in the infringement of patent rights of this character to go around suing every little farmer who has bought a lamp and has

[52] *1949 Hearings* 4.

taken it home and put a chimney on it. There was a certain inference that there was going to be an infringement as soon as that lamp was sold, was there not? That is typical of all of these contributory infringement cases of the type in which we wish to see the patentee given some remedy.[53]

Thus, the rule of the lamp case which Congressman Willis wanted to restore held that where the patented combination covered a number of elements arranged in a specified relationship, the seller of all the elements specified in the claim with the exception of a background element, but with the knowledge that the user would assemble these elements with the background element in a manner defined by the claim, was liable as an infringer where the numerous individual direct infringers, such as the lamp users, were too numerous to sue or license directly.

Judge Rich also explained the dry ice case to the subcommittee. He testified:

> . . . [T]he patent was on a transportation package for foodstuffs. It was a box made out of a cardboard with a heat insulating top. Food was packed in the box and in the center of the entire unit, buried in the food, usually ice cream, was a cake of solid carbon dioxide, which is variously known as dry ice or carbice . . . and the inventor of this transportation package obtained a patent on it. One of the elements of his claim was the solid dry ice cake, and he developed a method of doing business, the purpose of which was to prevent anybody from buying the solid carbon dioxide from his competitor, because he was in the business of manufacturing it.

[53] *Id.* 5.

> [The court said]: . . . We will deny recovery to this man because he is misusing his patent to try to monopolize an old unpatentable article with it.[54]

The subcommittee heard testimony on *Mercoid* by Judge Rich and Mr. I. E. McCabe, chief engineer and chairman of the board of the Mercoid Corporation.

In *Mercoid* the patent covered a combination, including a furnace, an electrically operated stoker, a room thermostat responsive to room temperature and a thermostat in the furnace. With only a room thermostat, the fire might become extinguished during mild weather because the room thermostat would not actuate the stoker. Adding the furnace thermostat eliminated this problem because the latter thermostat started the stoker when the furnace temperature became too low.

The patentee, Mid-Continent Investment Co., was a patent holding company. Its exclusive licensee sold furnace thermostats specially designed for use in the patented combination and not suitable for other actual commercial use.

Licenses to use the patented combination were conditioned upon purchasing the furnace thermostats from a source designated by the exclusive licensee of the patentee. Mercoid was offered but refused to take a license authorizing the sale of furnace thermostats not covered by the combination patent.[55]

Judge Rich testified:

> The defendant in that case made up a switch unit or assembly [the furnace thermostat] which was wired so that when you applied it to a furnace and connected

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[54] *Id.* 8.

[55] Mid-Continent Inv. Co. v. Mercoid Corp., 43 F. Supp. 692, 695 (N.D. Ill. 1942).

it up in accordance with the instructions, infringement [of the patented combination] necessarily resulted.[56]

The state of the business was such that one company made furnaces, another made electrical equipment, and thermostats, and plumbing contractors installed the whole thing. Where are you going to find a direct infringer, only in somebody's cellar. There is no practical way to enforce that patent, except through a suit for contributory infringement against the party who makes the thing which is essentially the inventive subject matter, which when put into use, creates infringement.

Mr. WILLIS. Well, the novel part of the patent in that case was the switch, was it not?

Mr. RICH. Yes, when applied to a furnace.[57]

It seems Judge Rich meant that the point of invention in the patented *combination* was adding another thermostat inside the furnace itself and connecting the furnace thermostat to the stoker to operate the latter when the furnace temperature became too low, thereby preventing the fire from going out. He did not suggest that the thermostat alone was an invention. Nor did he suggest that the patentee should be excused from patenting the furnace thermostat alone if that were the part he wished to monopolize.

Mr. McCabe testified that the thermostats in *Mercoid* were not inventions.[58] He recognized the consequences of the original provisions on contributory infringement when he testified:

. . . If you bring unpatented parts within the range

[56] *1949 Hearings* 10.
[57] *Id.* 11.
[58] *Id.* 42.

> of [a] patent, it would not be long before everybody would get busy to take advantage of it.[59]

which evoked the following comment from Congressman Willis:

> I would not vote for such a bill if it expressed that intent anyway.[60]

It thus seems clear that the subcommittee opposed statutory provisions which would allow the patentee to extend the patent monopoly afforded by his combination patent to cover unpatented parts. And the subcommittee twice refused to enact these provisions.

C. Murray Bernhardt, counsel to the subcommittee, sent the following memorandum dated November 29, 1950, and endorsed "No Action 12/4/50" to Congressman Bryson:

> Re: H. R. 3866, the "contributory infringement" bill
>
> This measure was the subject of extensive hearings during this and the preceding Congress. It is sharply controversial, and it is undoubtedly advisable to refrain from taking any action at this time, but to await further consideration next year when the subcommittee undertakes to deal with the revision and codification of the controversial aspects of the patent laws.
>
> (NOTE: H.R. 9133, the "non-controversial" patent revision bill, contains a watered-down provision on the subject of contributory infringement which the subcommittee may or may not elect to retain in the "non-controversial" bill to be introduced next year).[61]

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[59] *Id.* 46.
[60] *Ibid.*
[61] Memorandum in File on H.R. 3866 in National Archives.

The watered-down provision on the subject of contributory infringement in H. R. 9133 is in section 271. The provisions of this section appeared in the *Patent Law Codification and Revision*[62] as section 231. Section 3 of the original draft was changed to require that one could not be held as a contributory infringer unless the sold component constituted a material part of the invention. In addition, the clause excluding the sale of things "suitable for actual commercial noninfringing use" from being contributory infringement was changed to read "and not a staple article or commodity of commerce suitable for substantial noninfringing use".

The present provisions of 35 U.S.C. § 271(c) are reproduced below. Changes in section 3 of the original provisions are indicated by italicizing language added to the original provisions and bracketing language removed from the original provisions.

> [The sale of] *Whoever knowingly sells* a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, *constituting a material part of the invention,* [if] *knowing the same to be* especially made or adapted for use in [such process] an infringement of such patent, and not *a staple article or commodity of commerce* suitable for [actual commercial] *substantial* noninfringing use, shall [constitute contributory infringement] *be liable as a contributory infringer.*[63]

Mr. McCabe again voiced his objections to extending the patent monopoly to cover unpatented elements.[64] Judge

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[62] H.R. 3760, 82d Cong., 1st Sess. (1951).

[63] *Id.* § 231 (c).

[64] *Hearings Before Subcommittee No. 3 of the House Committee on the Judiciary*, 82d Cong. 1st Sess., Ser. 9 at 139 (1951) [hereinafter referred to as *1951 Hearings*].

Rich explained his understanding of the revised provisions to the subcommittee members when he testified:

> Whoever knowingly sells a component of a patented machine, manufacture, combination or composition, or a material or an apparatus for use in practicing a patented process—
>
> and note the next phrase—
>
> constituting a material part of the invention—
>
> that means part of the inventive contribution that the patentee made, something new that did not exist before that came from him, and that is an important limitation which is in here which is not in the old bills—
>
> especially made or especially adapted for use in an infringement of such patent—
>
> another prerequisite—
>
> and not a staple article or commodity of commerce suitable for substantial noninfringing use shall be liable as a contributory infringer.
>
> I think you would agree with me that . . . that is an exceedingly restricted provision.[65]

And Judge Rich further testified:

> . . . And the one thing we have definitely tried to do is to exclude the people who sell common articles of commerce, staples, things that had nothing to do with the invention, . . . even things especially adapted, as Mr. McCabe pointed out this morning, to fit things into other people's apparatus, unless they are a material part of the invention. And I think that Mr. McCabe has overlooked the fact that we have added those words to this statute.[66]

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[65] *1951 Hearings* 154.

[66] *Id.* 157.

Congressman Crumpacker wanted to know an example of a case of contributory infringement as defined by the statute. *Amalgamated Dental Co.* v. *William Getz Corp.*, 90 U.S.P.Q. 339 (N.D. Ill. 1951) was cited to the subcommittee members.[67] In that case, the patent related to a pliable material for use by dentists in making dental impressions. The claimed combination covered a number of specific chemicals dissolved in water. The defendant sold boxes having the different chemicals in proper proportion but in dry form. Users were instructed to dissolve the contents of the package in a prescribed quantity of water to provide the patented combination. Contributory infringement was found because the defendant was selling all the elements covered by the claim except the water, which was a background element, knowing that the purchaser of the packaged combination of chemicals would dissolve them in water to unite the chemicals to produce a composition covered by the claim. Thus, all of the elements of the patented combination were being sold with the exception of the single background element, the water, which was added by the directly infringing user. The particular combination of chemicals sold was fairly subjected to search by the Patent Office Examiner to see if bringing these chemicals together in fact represented an inventive departure over the prior art. Stated in other words, in substance the patented invention was being sold, but a technical interpretation of the patent claims prevented such sale from constituting a direct infringement because the packaged chemicals when sold were not united together in an aqueous solution as called for by the patent claims.

Chief Judge Barnes said:

Now, I do not see the wrong in this case which I saw

[67] *Id.* 155-56.

very clearly in the Mercoid case, and likewise saw very clearly in the Lecithin case.[68]

And, as I say, the best reason that has been suggested to me as to why the [misuse] rule does not apply is that water just constitutes the environment in which these chemicals perform,[69]

In discussing the case, the subcommittee members were led to believe that the sale of a single unpatented chemical for use in a combination patent was not contributory infringement under the provisions of the bill.[70] The colloquy between Congressman Rogers and Judge Rich illustrates this:

Mr. Rogers. Well, I take it, then, that this would include the chemicals that you are talking about, that are necessary in a dental case, that if I manufactured one

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[68] Judge Barnes was also the trial judge in *American Lecithin Co.* v. *Warfield Co.*, 42 F. Supp. 270 (N.D. Ill. 1941), *aff'd*, 128 F.2d 522 (7th Cir. 1942) and in *Mercoid Corp.* v. *Minneapolis-Honeywell Regulator Co.*, 43 F. Supp. 878 (N.D. Ill. 1942), *modified*, 320 U.S. 680 (1944) *reversing* 133 F.2d 811 (7th Cir. 1942).

[69] 90 U.S.P.Q. at 341; *1951 Hearings* 155.

[70] And the Eighth Circuit has so held where the patented combination was the single unpatented chemical dissolved in water and the chemical was sold by the alleged contributory infringer packaged with instructions to dissolve it in water and form the patented combination. *Dr. Salsbury's Laboratories* v. *I. D. Russell Co.*, 212 F.2d 414 (8th Cir.), *cert. denied*, 348 U.S. 837 (1954). The Eighth Circuit Court of Appeals unanimously rejected the argument of the appellant, represented by Judge Rich, that the provisions of section 271 overruled *Mercoid*.

The Fourth Circuit has held that the patentee could prevent the sale of unpatented magnets specially designed for use in dentures covered by his combination patent. *Freedman* v. *Friedman*, 242 F.2d 364 (4th Cir. 1957) *reversing*, 142 F. Supp. 426 (D. Md. 1956). The amount involved was so small that the appellees made no appearance. The Fourth Circuit Court of Appeals did not discuss *Mercoid* but appears to have relied upon *Henry* v. *A. B. Dick Co.*, 224 U.S. 1

of them, and Mr. Crumpacker manufactured another, and the chairman [Mr. Bryson] manufactured another, and you manufactured the fourth ingredient necessary to make this up, we are engaged in a business, probably making that particular chemical which we call a staple article.

Now, by virtue of the fact that the man has a patent on it, the rest of the world, if they want to, can go down here to the Patent Office and see that combination, and suppose that Mr. X then sees that combination and he then comes to me and the other manufacturers and buys in large quantities and proceeds to infringe the man's patent, and we know that when he buys it, he is going to use it for that purpose.

Mr. RICH. You and each of you, it seems to me, are

(1912) which was expressly overruled in *Motion Picture Patents*, 242 F.2d at 366.

The Fifth Circuit has applied paragraph (c) to allow a *design* patentee to prevent the sale of unpatented rack tops having portions similar to the upper portions of the patented design covering the ornamental design of a rack comprising the top and a matching base. *Henry Hanger & Display Fixture Corp.* v. *Sel-O-Rak Corp.*, 270 F.2d 635, 641-42 (5th Cir. 1959), *affirming* 159 F. Supp. 769 (S.D. Fla. 1958).

Judge Barnes, relying on cases and articles, without referring to the legislative history or considering the setting afforded by related statutory provisions, stated in a district court opinion that the purpose of Congress was to change the law in *Mercoid*. *Sola Electric Co.* v. *General Electric Co.*, 146 F. Supp. 625, 647 (N.D. Ill. 1956).

Judge Rich has stated that *Mercoid* was modified by the statute. Rich, *Contributory Infringement*, in DYNAMICS OF THE PATENT SYSTEM 333, 348 (Ball ed. 1960). However, he advised attorneys,

"In a *Wallace* v. *Holmes* type of situation be sure that you claim the burner by itself, without including a chimney or the base, if you can and if that is what your inventor invented." *Id.* 338.

We think that the statute requires claiming the invention sought to be monopolized. We don't think the holding in *Mercoid* was modified, for *Mercoid* recognized that a residuum of contributory infringement remained, and Congress agreed, enacting provisions to dispel doubts by some that the doctrine was dead. See *id.* 346; 98 CONG. REC. A416 (1952).

beyond question, specifically excluded by the language of paragraph (c).

Mr. ROGERS. Because we have a staple article or—

Mr. RICH. Yes; because what you are selling is not a material part of the thing which was invented, which was a *combination* of chemicals, which has to be brought together from the ordinary sources of those chemicals. (Emphasis added.)

. . . .

Mr. ROGERS. Well, you feel, when we sell a staple article or commodity of commerce, that any who have engaged in the business of handling those things, although we know the individual who purchased it is going to infringe a patent, that there would not be any liability on us, although we may have especially prepared that, or knew that it would be specially adapted for that purpose, that that would relieve the manufacturer from it?

Mr. RICH. I definitely do so feel. We definitely wrote this language to take care of the very situation which you have given us as an example: The chemical manufacturer who makes chemicals to order, knowing what is going to be done with them or not knowing what is going to be done with them.[71]

We do not see the logical difference between a specially prepared unpatented chemical known to be used in a patented combination and specially designed unpatented top fabrics known to be used in a patented combination. In short, we believe that it would be contrary to the purposes of the provisions on contributory infringement as understood by the subcommittee to hold that the patentee can prevent the sale of unpatented top fabrics to Ford and

[71] *1951 Hearings* 161-62.

General Motors for original installation as a part of the patented combination. The patentee's rights are solely against the maker, user and seller of his patented invention, not the seller of unpatented parts.

Congress evidently required a change in the original provisions in order to exclude the possibility that the owner of a combination patent could extend his monopoly to cover the sale of unpatented parts. It was an important purpose of the changes to insure that one would be amerced as a contributory infringer only if he is selling the "material part of the patented invention"; that is, all of the elements of the patented combination with the exception of a background element.

We stated above that the words of a statute should not be assigned a meaning which they would not bear. We recognize that a possible definition of the words "material part" is "an important single element" which the court below apparently assigned to these words. But an interpretation assigning the meaning "important (albeit unpatented) single element" to the words "material part" conflicts with the long established policy approved by Congress of preventing the patentee from extending his patent monopoly to cover unpatented parts.

The words "material part" will bear the meaning suggested by Judge Rich in discussing *Amalgamated* before the subcommittee.[72] That is, the whole patented invention is the group of elements operatively associated as specified in the patent claim. The "material part" is this group of elements, possibly without a background element, ready for being united to form the patented combination. And the dictionary lists "pertinent" as a synonym for "material"[73] and "less than the whole" as a synonym for "part".[74] This

[72] *Id.* 155-56.
[73] WEBSTER'S NEW COLLEGIATE DICTIONARY 518 (1956).
[74] *Id.* 612.

meaning of "material part" is consistent with the purpose of preventing one who appropriates in substance the patented inventioned from escaping the consequences of infringement without extending the monopoly granted by a combination patent to cover unpatented parts.

A proper cause of action for contributory infringement might exist under the Mackie-Duluk patent if an automobile manufacturer sold new convertible automobiles separate from the top fabrics and instructed the numerous dealers how to install the top fabrics to form the patented combination. The manufacturer would not be directly infringing because the whole patented invention calls for "the top material at the rear quarter extending down and secured to . . . [the body] panel on the inside and below the top of the metal body (Pl. Ex. 1; R. 104, 595, Claim 9); and the manufacturer would then be selling all the elements in the patented combination but without the attached top fabric called for by the claims.

Paragraph (c) excludes the sale of a "commodity of commerce suitable for substantial noninfringing use" from being contributory infringement. A district court has held that this exclusion applies to a separately patented hook fastener especially adapted for use in a patented combination of a fiber board secured to an automobile body with the hook fastener when the claims to the hook fastener alone were held invalid for lack of invention. The court considered the hook fastener as an unpatented article.[75] We see no logical reason for affording greater rights to the top fabric which was never claimed as an invention by treating it as if it were entitled to the privileges of a valid patent.

We think that the purpose of changing "suitable for

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[75] Gagnier Fibre Products Co. v. Fourslides, Inc., 112 F. Supp. 926, 932 (E. D. Mich. 1953) (alternate holding).

actual commercial noninfringing use" in the original provisions to "suitable for substantial noninfringing use" in the provisions finally enacted was to insure that the patentee could not extend his combination patent to cover unpatented parts merely because they were specially designed by reason of shape and dimensions for use in the patented combination. The exclusionary clauses in both the original and revised provisions included the word "suitable". This word is derived from the verb "suit" which bears the meaning "to fit or adapt to",[76] hence, "suitable" can bear the meaning "capable of being adapted to". Respondent's own expert testified that the reason a replacement top fabric from one car and model will not fit another car and model is "Because of the size and shape of the body shell." (R. 194). Both courts below disregarded the fact that "some of the fabrics manufactured by defendants for cars with Mackie-Duluk tops by happenstance may also fit some cars with other types of tops" because "they are admittedly purposely designed for, and advertised for, Mackie-Duluk tops" (R. 38) and that the top fabrics were capable of being adapted to "be applied in a noninfringing way" (R. 655, n.4). Had the court below followed the directions of the statute and looked to the suitability of the top fabrics for noninfringing use instead of the intended use, it would have found no contributory infringement.

The change of "actual commercial noninfringing use" to "substantial noninfringing use" would seem to be directed toward clarifying that an unpatented part specially designed for use in a patented combination was outside the scope of the combination patent monopoly. In most cases an unpatented part specially designed for use in a patented combination would be unsuitable for other actual commercial use by virtue of its special shape and size. The essen-

[76] P. 848 *supra* note 73.

tial nature of the specially designed part is that of similar parts of slightly different shape and dimensions which are themselves not subjects of a patent and may be used in a manner so as not to infringe the combination patent.

The word "substantial" means "of or pertaining to substance".[77] The word "substance" bears the meaning "characteristic components".[78] The dictionary states as an example, "The ideas are the same in substance".[79] We think that an unpatented part specially designed for use in a patented combination is the same in substance as any similar unpatented part of different shape and dimensions which the combination patentee would have no right to control. In other words, we believe that the word "substantial" must be interpreted so that there is no contributory infringement if the part in its essential nature is suitable for noninfringing use in order to accomplish the purpose of the change in language. The specially designed unpatented top fabrics are in their essential nature suitable for noninfringing use.

V.

Replacing the Worn Unpatented Top Fabric in a Patented Combination Sold With the Consent of the Patentee Is Not an Infringement of the Combination Patent. The Patentee's Reward From Each Patented Article Is Limited to the Profit or Royalty From the Initial Sale.

The respondent contends that petitioners are liable for selling top fabrics to replace worn ones in patented combinations originally installed in General Motors automobiles (R. 33) licensed under the patent (Def. Ex. CC; R. 241,

[77] Id. 845.
[78] *Ibid.*
[79] *Ibid.*

509) and in Ford automobiles owned by users who were released from all liability for direct infringement (Def. Ex. D[illegible]; R. 241, 510-11). The respondent takes the position that the license or release expires when the top fabric is replaced (Deposition of William D. Hall, July 3, 1958, p. 109; Tr. 880-84). Thus, the respondent regards the owner of a convertible automobile as a direct infringer as soon as he replaces a worn top fabric, unless the respondent's assignor receives a royalty on the sale of the replacement fabric. This result is in conflict with the apparent understanding of subcommittee members that the sale of replacements for worn unpatented parts would not constitute contributory infringement.

Judge Rich testified:

> There is another old doctrine of contributory infringement law under the Morgan Envelope case, which has always permitted the replacement of parts which are expected to be worn out or consumed in use, such as toilet paper in the holder, razor blades in a razor, cutters in a plane, and so on. That is still the law.[80]

The Court of Appeals in the case at bar distinguished *Morgan Envelope* by saying that the top fabric was a patented element of the patented combination while in *Morgan Envelope*, the oval toilet paper roll was not patented (R. 651 n.2). In fact, the oval toilet paper roll itself was patented, but the separate claim to the oval roll was held invalid.[81] We see no logical reason for giving greater rights to one seeking to monopolize replacement parts who has not separately claimed the part in a patent.

The following testimony during the 1951 Hearings re-

[80] *1949 Hearings* 20.
[81] 152 U.S. at 435.

lates to the applicability of statutory provisions to the sale of replacement parts.

> Mr. CRUMPACKER. We have received protests from manufacturers of replacement parts for such things as automobiles, farm tractors, and the like, who evidently feel that the language used in this H.R. 3760 would make them contributory infringers of patents on the original article, the tractor or something of that sort.
>
> Would you care to state your views on that subject, Mr. Rich?
>
> Mr. RICH. Those were the most vociferous objectors to the old bills on this subject. . . .
>
> If the part he is supplying is in substance the very thing which was invented, it seems to me personally, that he is an infringer, and he should not be let off on some little technicality that there is something minor in the whole apparatus that he is not supplying.[82]

Basically Judge Rich is suggesting that if in substance the patented invention, less a minor background element, is being sold, the seller is liable as a contributory infringer, regardless of whether it is sold for original installation or to replace a worn unit. But if we apply this standard to the case at bar, petitioners would not contributorily infringe because the petitioners do not supply the combination of the lower metal body structure, the folding bow structure supported by the tonneau and the wiping arm secured to a part of the movable bow structure and acting simultaneously with the bow structure to engage the inside lower portion. This combination which petitioners are not supplying can hardly be regarded as something minor in the whole apparatus.

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[82] *1951 Hearings* 153.

In a word, the automobile owner does not become an infringer by replacing a worn fabric. Since there is no infringement, petitioners cannot be amerced as contributory infringers for supplying the replacement fabric.

This reasoning applies to respondent's contention that supplying unpatented top fabrics with instructions for installing them as replacements for worn fabrics in convertible automobiles and advertising the replacement top fabrics constitutes contributory infringement under the provisions of section 271(b) which read:

> Whoever actively induces infringement of a patent shall be liable as an infringer.

Congressman Keating questioned the need for this provision, saying,

> We can strike it out and I believe not affect the existing law.[83]

Mr. Robert W. Byerly agreed stating that it was included for completeness.[84]

Although Mr. Byerly was in sympathy with the suggestion that a definition of contributory infringement be broadened to include "a thing intentionally made as a part of the combination to be used as a part of a combination" he said:

> . . . I question under the public feeling at present that could be done. . . . That goes further than our definition.[85]

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[83] *Hearings Before Subcommittee on Patents, Trademarks and Copyrights of the House Committee on the Judiciary*, 80th Cong., 2d Sess., ser. 21 at 25 (1948) [hereinafter referred to as *1948 Hearings*].

[84] *Ibid.*

[85] *Id.* 26. The stated purposes of the original provisions were set forth in the title: "A BILL to provide for the protection of patent rights where enforcement against direct infringement is impractical, to define

One of the purposes of revising the original provisions on contributory infringement was to prevent the patentee from extending his patent monopoly to unpatented parts. This purpose would be defeated if the seller of such unpatented parts were prevented from advertising the parts by specifying the model of the original equipment in which they fit and provide the automobile owners, or one hired by the owners, with instructions for installing the unpatented parts.

Had Ford or General Motors ordered top fabrics from petitioners for original installation, petitioners could hardly be considered to have induced these large corporations to infringe the patent. Moreover, the primary reason for having provisions on contributory infringement is for situations where action against direct infringers is impractical. It is certainly practical to sue or license Ford or General Motors. And respondent's assignor, Automobile Body, took direct action against General Motors and Ford for alleged infringement of its Ackermans and Mackie-Duluk patents (R. 30-32). Having once received a

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'contributory infringement', and for other purposes." H.R. 5988, 80th Cong., 2d Sess. (1948).

Paragraph (b) has been held to apply where one discloses confidential information enabling others to directly infringe. *Jones* v. *Radio Corp. of America*, 134 F. Supp. 82 (S.D.N.Y. 1955). It might also apply where one induces another to directly infringe by using an unlicensed patented machine, *Individual Drinking Cup Co.* v. *Errett*, 297 Fed. 733, 741 (2d Cir. 1924); and where one furnishes another with the complete means and instructions for directly infringing a patented process. *Trent* v. *Riston Iron & Locomotive Works*, 102 Fed. 635, 642 (9th Cir. 1900); *Metallizing Eng'ring Co.* v. *Metallizing Co.*, 62 F. Supp. 274 (S.D.N.Y. 1945).

Paragraph (b) might also be applied toward extending liability to corporate officers who consol a corporation which directly infringes. See, *e.g.*, *Dean Rubber Mfg. Co.* v. *Killian*, 106 F.2d 316, 320 (8th Cir. 1939); *Ferguson* v. *Ford Motor Co.*, 77 F. Supp. 425, 436 (S.D. N.Y. 1948).

We think that the patentee should always be required to proceed against the direct infringer unless he can show such action is impractical rather than merely inconvenient.

royalty on the sale of each patented convertible, neither respondent nor its assignor is entitled to a second royalty on the sale of each replacement fabric.

When the unpatented parts replace worn ones in patented combinations, we believe that there can be no form of contributory infringement because replacing a single worn unpatented part of a patented combination is not an infringement under the decisions of this Court and courts of appeals prior to the decision in this case.[86] Although reconstructing the patented invention after its useful life

[86] Wilson v. Simpson, 50 U.S. (9 How.) 109 (1850) (unpatented knife in patented planing machine); Heyer v. Duplicator Mfg. Co., 263 U.S. 100 (1923) (unpatented gelatin bands in patented duplicating machine); Goodyear Shoe Mach. Co. v. Jackson, 112 Fed. 146 (1st Cir. 1901) (unpatented cam in patented sewing machine); Electric Auto-Lite Co. v. P. & D. Mfg. Co., 109 F.2d 566 (2d Cir. 1940) (unpatented breaker arms, contact screws or brackets, springs, condensers, rotors, caps and coils in a patented automobile ignition system); American Safety Razor Corp. v. Fringe Brothers Co., 62 F.2d 416 (3d Cir. 1932), *cert. denied*, 289 U.S. 726 (1933) (unpatented razor blade in patented combination of blade and holder); Standard Stoker Co. v. Berkley Mach. Works & Fndry Co., 106 F.2d 475 (4th Cir. 1939) (unpatented repair parts for patented railroad locomotive stokers); Landis Mach. Co. v. Chaso Tool Co., 141 F.2d 800 (6th Cir.), *cert. denied*, 323 U.S. 720 (1944) (unpatented cutting tool, pins and bushings in patented combination of cutting tool, holder and die head); Micromatic Hone Corp. v. Mid-West Abrasive Co., 177 F.2d 934 (6th Cir. 1949) (unpatented abrasive stone in patented combination of stone and holder); Westinghouse Elec. Mfg. Co. v. Hesser, 131 F.2d 406 (6th Cir. 1942) (unpatented furnace grate members in a patented automatic furnace stoker); Williams v. Barnes, 234 Fed. 339 (7th Cir. 1916) (unpatented paper recording dial in patented watchman's registering clock); Morgan Gardner Elec. Co. v. Buettner & Shelburne Mach. Co., 203 Fed. 490 (7th Cir. 1913) (unpatented hollow washer and other parts for patented coal mining machine); Pyle Nat. Co. v. Oliver Elec. Mfg. Co., 281 Fed. 632 (8th Cir.), *cert. denied*, 260 U.S. 736 (1922) (unpatented repair parts for railroad locomotive steam driven patented electrical generating system); El Dorado Foundry, Mach. & S. Co. v. Fluid Packed Pump Co., 81 F.2d 782 (8th Cir.), *cert. denied*, 299 U.S. 560 (1936) (unpatented tubes in patented pumps); Morrin v. Robert White Eng'ring Works, 143 Fed. 519 (2d Cir. 1905) (single patentable but unpatented steam generating tube in patented combination of a group of like tubes in supporting cylinder).

as distinguished from that of a part has been exhausted[87] and rebuilding a patented combination whose useful life has not ended to increase its capacity[88] have been held to constitute infringement; replacing the top fabric is not an infringement because the useful life of the convertible mechanism is not exhausted nor is its functional capacity increased.

All the cases we know of have held that replacing a single worn unpatented part in a patented combination is not an infringement even though the part is separately claimed when the claim to the part has been held to be invalid as lacking invention.[89] Of course, if a replacement part is covered by a separate valid claim the part is patented and the patentee may properly exercise monopoly control over

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[87] Cotton-Tie Co. v. Simmons, 106 U.S. 89 (1882) (patented combination of tie and buckle whose useful life ends after a single use); Davis Elec. Works v. Edison Elec. Light Co., 60 Fed. 276 (1st Cir. 1894) (burned out patented light bulb); Hughes Tool Co. v. Owen, 123 F.2d 950 (5th Cir. 1941); Southwestern Tool Co. v. Hughes Tool Co., 98 F.2d 42 (10th Cir. 1938); Williams v. Hughes Tool Co., 186 F.2d 278 (10th Cir. 1950), *cert. denied*, 341 U.S. 903 (1951) (useful life of patented drill bit exhausted when teeth wear out).

[88] George Close Co. v. Ideal Wrapping Mach. Co., 29 F.2d 533 (1st Cir. 1928). (patented candy cutting machine reconstructed to cut larger caramels); Miller Hatcheries v. Buckeye Incubator Co., 41 F.2d 619 (8th Cir. 1930) (patented incubator reconstructed to increase its capacity).

[89] Morgan Envelope Co. v. Albany Paper Co., 152 U.S. 425 (1894) (separate claim to oval toilet paper roll invalid, patent covering combination of holder and roll not infringed by replacing roll); General Motors Corp. v. Preferred Elec. & Wire Corp., 79 F.2d 621 (2d Cir. 1935), *cert. denied*, 296 U.S. 655 (1936); *aff'd on rehearing*, 109 F.2d 615 (2d Cir. 1940) (separate claim to breaker arm rubbing block invalid, claim covering automobile electrical ignition system including breaker arm not infringed by replacing breaker arm with rubbing block); Payne v. Dickinson, 109 F.2d 52 (3d Cir.), *cert. denied*, 310 U.S. 637 (1940) (separate claim to hypodermic needle invalid, patent covering combination of syringe and needle not infringed by replacing needle).

It has been held that where the separate claim to the part is held invalid for failing to define the invention with particularity rather than for lack of invention, the patent on a combination including the part

the part even though it is used in a machine which is also patented.[9]

Both paragraphs (b) and (c) define contributory infringement in terms of infringement, defined in paragraph (a) as follows:

> Except as otherwise provided in this title, whoever without authority, makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

The owners of the Ford and General Motors automobiles having combinations covered by the Mackie-Duluk patent use the patented invention. But such use is with the authority of the patentee. Respondent has expressly released owners of Ford automobiles from liability for infringement (Def. Ex. DD; R. 241, 510-11) so long as they use the original top fabrics (Deposition of William D. Hall, July 3, 1958, p. 109; Tr. 880-84). And since General Motors reserved a royalty free license under the patent (Def. Ex. CC; R. 241, 509), owners of General Motors automobiles enjoy an implied license to use their automobiles. When the top fabric wears out, the respondent and its assignor claim a right to terminate that license of use unless the user purchases the replacement top fabric from a source designated by the patentee so that the licensing

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is infringed by replacing the worn part. *Trico Products Corp.* v. *Apco-Mossberg Corp.*, 45 F.2d 594 (1st Cir. 1930). The separate claim to a windshield wiper blade was held invalid for claiming function rather than structure, but a claim to the combination of blade and holder was held infringed by replacing the blade. This decision is distinguishable from the others in this note because the part itself appears to be an invention which the patentee tried to claim. But we question whether a court is authorized to grant monopoly rights over a single part which has not been claimed with the particularity required by the statute.

[9] Deering v. Winona Harvester Works, 155 U.S. 286, 302 (1894); Nat'l Malleable Casting Co. v. American Steel Foundries, 182 Fed. 626, 639 (D.N.J. 1910).

corporation receives a royalty on the sale of each unpatented replacement top. Sanctioning this conduct on the part of the respondent and its assignor is permitting the patentee to "derive its profit, not from the invention on which the law gives it a monopoly", but from the unpatented top fabrics with which it is used and is "wholly without the scope of the patent monopoly." *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502, 517 (1917).

Once the patented article is sold with the permission of the patentee, the patentee may not thereafter control the use or disposition of the article,[91] or condition its original use on the purchase of unpatented parts.[92] If this be true, we see no reason why the patentee should be able to condition continued use of a patented machine on the purchase of unpatented replacement parts from a source designated by the patentee, or force disuse because one of the unpatented parts of the patented machine requires replacement.[93]

VI.

Tying the Grant of a License Authorizing Use of a Patented Combination to the Purchase of Unpatented Replacement Parts From a Source Designated by the Patentee Violates the Antitrust Laws. The Violation Is Not Excused by 35 U.S.C. § 271(d).

Respondent and its assignor Automobile Body Research Corporation have in our view misused the Mackie-Duluk patent and the Ackermans patent in violation of the antitrust laws. Respondent and its assignor authorize sales of patented combinations by Ford and General Motors only

[91] Note 27 *supra*.
[92] Mercoid Corp. v. Mid-Continent Inv. Co., 320 U.S. 661 (1944).
[93] Note 86 *supra*.

on the condition that the purchaser of the automobile not use replacement top fabrics purchased from a competitor of those replacement top manufacturers designated by the patentee who pay royalties for the sale of the unpatented top fabrics, thereby substantially lessening competition in the replacement top fabric field and violating section 3 of the Clayton Act. The conspiracy between and the attempt by the respondent and Automobile Body to restrain trade in replacement top fabrics also violates sections 1-3 of the Sherman Act.

In *Mercoid*, this Court suggested that patent tie-ins were antitrust violations per se,[94] and *International Salt Co.* v. *United States*, 332 U.S. 392 (1947), appears to have decided for all practical purposes that patent tie-ins are illegal per se, for the Court said it was

> unreasonable, *per se*, to foreclose competitors from any substancial market.... The volume of business affected by these contracts [$500,000 worth annually] cannot be said to be insignificant or insubstantial and the tendency of the arrangement to accomplishment of monopoly seems obvious. 332 U.S. at 396.

In *Times-Picayune Publishing Co.* v. *United States*, 345 U.S. 594 (1953), this Court restated the law on tie-ins as follows:

> When the seller enjoys a monopolistic position in the market for the "tying" product, *or* if a substantial volume of commerce in the "tied" product is restrained, a tying arrangement violates the narrower standards expressed in § 3 of the Clayton Act because

[94] This is the view of Professor Turner. Turner, *The Validity of Tying Arrangements Under the Antitrust Laws*, 72 HARV. L. REV. 50, 52 (1958).

> from either factor the requisite potential lessening of competition is inferred. And because for even a lawful monopolist it is "unreasonable, *per se*, to foreclose competitors from any substantial market," a tying arrangement is banned by § 1 of the Sherman Act whenever *both* conditions are met.[26] 345 U.S. at 608-09,

citing a passage from *United States* v. *Griffith*, 334 U.S. 100 (1948).

In the latter case the Court said:

> [A person with an exclusive right] . . . does not usually violate § 2 of the Sherman Act unless he has acquired or maintained his strategic position, or sought to expand his monopoly, or expanded it by means of those restraints of trade which are cognizable under § 1 . . . [T]he use of monopoly power, however lawfully acquired, to foreclose competition, to gain a competitive advantage, or to destroy a competitor, is unlawful . . . If monopoly power can be used to beget monopoly, the Act becomes a feeble instrument indeed. 334 U.S. at 106-08.

We see no difference in principle between a manufacturing patentee using his patent to foreclose competition in an unpatented product which he manufactures and sells and a non-manufacturing patentee who uses his patent to foreclose competition with competitors of those who pay the patentee royalties for the sale of unpatented products.

The relevant market foreclosed to competition by respondent and its assignor is that for replacement top fabrics, for the District Court found:

> Car manufacturers themselves have little interest in manufacturing or replacing fabric tops. Consequently

> there has grown up a sizable independent top industry, of which defendants are locally, and perhaps nationally, leaders (R. 34).

Even if we disregard the relationship between the respondent's assignor Automobile Body and look at the respondent alone as foreclosing competition in only the Massachusetts market, the Act is violated because there is a substantial volume of commerce in the "tied" product.[95] The market for replacement top fabrics being illegally restrained for all 1950-54 General Motors automobiles, all 1952-54 Ford Motor automobiles and all 1953 Chrysler Corporation automobiles can hardly be said to be insubstantial (Wright Dep. Ex. 4; Tr. 879, R. 617-18).

Section 271(d) does not excuse respondent and its assignor from violating the antitrust laws. Section 271(d) reads:

> No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

Paragraph (d) requires that in the absence of the patentee's consent, the revenue producing, licensed or otherwise

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[95] See United States v. New Wrinkle, Inc., 342 U.S. 371, 376-77 (1952).

authorized acts performed by another constitute contributory infringement or infringement of the patent as defined in paragraphs (a), (b) or (c). Since respondent's patent does not cover top fabrics, but covers only a combination in which the top fabric is a single element, acts exercising monopoly control over the sale of unpatented replacement top fabrics are not excused by paragraph (d) because replacement top fabrics may be sold without the consent of the patentee.

The members of the subcommittee apparently understood that an attempt to obtain a limited monopoly of unpatented articles through the use of a patent would be misuse. We reproduce a colloquy between Congressman Crumpacker and Judge Rich.

> Mr. CRUMPACKER. As you interpret this paragraph (d) as it now reads, would it in any way prevent a court from holding the monopolistic practices referred to as being a misuse of a patent? That is, where a patentee had actually been engaged in trying to gain a limited monopoly of unpatented articles through the use of a patent.
>
> Mr. RICH. If we assume that staples are excluded from paragraph (c)?
>
> Mr. CRUMPACKER. Yes.
>
> Mr. RICH. The answer is that (d) would not prevent their being held, the acts being held to be misuse.

In answer to a question by Congressman Rogers as to whether a patentee could recover if he had only done what is permitted by paragraphs (b) and (c), Judge Rich testified:

> If he has not misused it otherwise. If it comes within the terms of (c). If he tries to license somebody, for

instance, to manufacture a staple article of commerce, to be sold in a patented invention and collect royalties, let us say for the manufacturing of salt tablets to be used in a patented vending machine or dry ice to be used in a patented shipping container, that will be misuse because it doesn't come within the terms of (c).[96]

We believe that the test for determining whether a single patent is misused revolves around the scope of the patent claims. If the subject matter sought to be monopolized is described completely or very closely by all the language in a patent claim, there is no misuse even if the claim is held invalid and/or not infringed. But if the subject matter sought to be monopolized is not described completely or very closely by all the claim language, the patent is misused and the patentee is subject to the consequences of having violated the antitrust laws.

VII.

The Conduct of Respondent Acquiring a Limited Right in the Patent to Bring This Suit and Its Assignor Exercising Monopoly Control Over Unpatented Replacement Fabrics Is Far Below the Standards Required of Patentees Seeking the Aid of Equity to Enforce Patent Rights.

Even if the patentee's conduct is not misuse under the test suggested immediately above, other inequitable conduct on his part may render his patent unenforceable.[97]

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[96] *1951 Hearings* 173-75.

[97] 35 U.S.C. § 282(1) (1952). The Senate wanted to make it perfectly clear that unenforceability, as understood prior to the Patent Act of 1952, was retained as a defense to an infringement suit by adding the words, "or unenforceability" to the defenses originally listed, 98 Cong. Rec. 9323 (1952), and the House approved. *Id.* 9451. Petitioners pleaded this defense. (Defendant's Answer filed May 23, 1956, para. 17, R. 1).

This Court has held that the conduct of a patentee must be beyond reproach when he seeks to invoke the equitable jurisdiction of a federal court in enforcing patent rights.[98] We think that a shell corporation patentee formed solely for the purpose of bringing suit on a limited patent grant should be prohibited from invoking that jurisdiction.

Respondent appears to have been formed solely for the purpose of bringing suit against petitioners by acquiring a limited right in Massachusetts in only the Mackie-Duluk patent while the remaining rights in that patent, along with the full rights in the related Ackermans patent, remained in the affiliated licensing corporation, Automobile Body. It is difficult to conclude otherwise from the facts. Respondent was formed twenty-two (22) days before this suit was brought (R. 264, 634, 1). The business address of respondent (R. 264, 635), the residential address of Vivian L. Pollock, respondent's president and one of its three stockholders (R. 264, 634) and the residential address of its counsel Elliott I. Pollock[99] coincide at 7202 Lynhurst Place, Chevy Chase, Maryland. It received an assignment in only the Mackie-Duluk patent restricted to the Commonwealth of Massachusetts just ten (10) days before this suit was brought (R. 7, 1). Respondent does not manufacture or sell any products and it has received no income from the patent in suit (R. 264, 635). It has received no income from any other source (R. 264, 628, 635-36). Its counsel, Elliott I. Pollock and William D. Hall, counsel for Automobile Body, are in the same law firm (Dep. of William D. Hall, July 8, 1958, p. 105; Tr. 880-84).

Respondent and its assignor, Automobile Body Research Corporation, have followed a rather remarkable course in their common scheme employing two combination patents

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[98] Precision Co. v. Automotive Co., 324 U.S. 806 (1945).

[99] 1959 WASHINGTON METROPOLITAN AREA TELEPHONE DIRECTORY 955.

for monopolizing the sale of unpatented top fabrics used to replace worn fabrics in the combinations covered by the two patents. First, Ackermans sued General Motors and succeeded in having the Court of Appeals for the Fourth Circuit reverse the finding of the District Court that the Ackermans patent was invalid.[100] As a result, General Motors became liable to Ackermans. Shortly after this suit, Ackermans assigned his patent, together with all rights to recover for past infringement, to Automobile Body (Def. Ex. DD; R. 241, 510). As a part of the settlement of this lawsuit, Automobile Body acquired the Mackie-Duluk patent (Pl. Ex. 9a, Tr. 14, R. 473), combined it with the Ackermans patent to claim a 5% royalty on the sale of unpatented replacement fabrics (R. 474), and licensed Ford under both patents for the manufacture and sale of replacement tops (R. 511-12).

It was probably not difficult to persuade Ford and General Motors to take a license under the patents for the sale of replacement top fabrics because car manufacturers themselves have little interest in either manufacturing or replacing the fabric (R. 34). Licensing automobile manufacturers for the sale of replacement fabrics was, however, useful to Automobile Body as a precedent for inducing independent top fabric manufacturers (R. 34) to pay royalties or be subject to a lawsuit for contributorily infringing both patents (R. 473-74) by selling "ready-made replacement fabrics" (R. 473).

It succeeded in licensing one replacement top fabric manufacturer, Atlas International Company. Atlas agreed to "pay a royalty on any replacement top . . . , without regard to whether such top is covered by either of said patents, which by its peculiar shape or other construction

[100] Ackermans v. General Motors Corp., 202 F.2d 642 (4th Cir.) *cert. denied*, 345 U.S. 996 (1953) *reversing* 108 F. Supp. 368 (D. Md. 1952).

adapts it for use on any one or more of the following cars:" (Wright Dep. Ex. 4, Tr. 879, R. 617) and listing all 1950-55 Buicks and Cadillacs, 1950-54 Chevrolets, 1953 Chryslers, De Sotos and Dodges, 1952-54 Fords and Mercurys and 1952-55 Lincolns. Atlas was required to place a notice on each unpatented replacement top it sold saying that it was licensed under one or both of the patents (R. 619-20).

Since the Atlas agreement was terminable (R. 621), any court decision adjudicating both the Mackie-Duluk and Ackermans patents invalid and/or not infringed by selling replacement top fabrics would have served as a strong incentive for Atlas to terminate its license, thereby ending substantial royalty payments from Atlas to Automobile Body. The unfavorable adjudication of only a single patent would be less serious because Atlas would still face the possibility of a suit for contributory infringement of the remaining patent. It was also important to Automobile Body to prevent the Ackermans patent from being adjudicated outside the Fourth Circuit because only a holding by the Court of Appeals for the Fourth Circuit or the United States Supreme Court that an Ackermans patent claim was invalid would terminate Ford's obligation to pay royalties under that patent (Def. Ex. DD; R. 241, 511-12). The claims had already been held valid in the Fourth Circuit and certiorari denied by this Court. The only chance that this Court would review the validity of these claims would be if a court of appeals in another circuit held the claims invalid.[101]

If Automobile Body sued petitioners here in Massachusetts on the Mackie-Duluk patent, petitioners could have asked for a declaration of noninfringement and invalidity of both patents. It is not surprising that after accusing

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[101] *Ibid.* and see Sanitary Refrigerator Co. v. Winters, 280 U.S. 30, 34 (1929).

petitioner Aro of contributorily infringing both patents (R. 473) and receiving a letter from petitioners' counsel refusing to take a license and pay royalties on the sale of each unpatented replacement top fabric (Pl. Ex. 9d; Tr. 14, R. 475). Automobile Body never brought suit. Instead of Automobile Body itself bringing suit against petitioners, the respondent shell corporation was formed nearly two years after the latter letter refusing to take a license. Automobile Body then assigned only a territorial grant in the Commonwealth of Massachusetts to the newly-formed shell corporation which then brought this suit. Evidently one purpose of assigning such a restricted right to respondent was to permit it to sue in Massachusetts without risking Automobile Body's rights in the rest of the United States.

Automobile Body also enjoyed a procedural advantage by using respondent to sue. Had Automobile Body sued directly, it would have been subject to the full discovery procedures of a party as prescribed by the Federal Rules of Civil Procedure.[12] Since Automobile Body was not a party, petitioners had to pursue unwilling individuals associated with Automobile Body who asserted the separation between respondent and Automobile Body when refusing petitioners relevant information. For example, we asked William D. Hall, the counsel for Automobile Body for "All letters to . . . manufacturers, jobbers, and/or dealers en-

[12] FED. R. CIV. P. 26(d)(2) provides: "The deposition of a party or of any one who at the time of taking the deposition was an officer, director, or managing agent of a public or private corporation, partnership, or association which is a party may be used by an adverse party for any purpose."

FED. R. CIV. P. 33 provides for written interrogatories to parties and FED. R. CIV. P. 34 provides for "the court in which an action is pending" to order any party to produce documents for inspection.

Automobile Body avoided the duties which the rules impose upon a party by letting respondent bring suit.

gaging in the manufacture and/or sale of automobile top replacements"[103] and that request was objected to because

> Convertible Top Replacement Co. owns the territorial rights for the Commonwealth of Massachusetts under the Mackie-Duluk patent No. 2,569,724, and it is infringement arising under that territorial right that is in suit in Boston.
>
> The moving party's client [Automobile Body] owns other territorial rights under that patent. Letters of infringement written by the moving party concerning his client's rights to his territory of the United States obviously can have no bearing on the suit in Boston, since the two territorial rights are owned by two separate corporations.[104]

Our interrogatory 16 directed to respondent,

> Has Automobile Body Research Corporation derived an income from the patent in suit from sales, manufacture or use of products manufactured and/or sold within the Commonwealth of Massachusetts?,[105]

was answered

> Plaintiff is not informed as to the correct answer to this question and therefore cannot answer the same.[106]

We believe that the effects of the "teamwork" between the respondent suing corporation and the licensing corporation, Automobile Body, represents another example of the evils which can be perpetrated by two entities acting in concert to achieve a result which neither could attain

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[103] Convertible Top Replacement Co. v. Aro Mfg. Co., Misc. No. 18-58, D. D.C., affidavit of William D. Hall, June 23, 1958, p. 5.

[104] *Id.* 6.

[105] Defendants' Interrogatories served September 14, 1956.

[106] Plaintiff's Answer to Interrogatory No. 16 served on defendants October 30, 1956.

alone.[107] It is for this reason that the criminal law has sought to establish strong prohibitions on conspiracies, even though the acts of a single conspirator alone would be insufficient to constitute a crime.[108]

The antitrust laws also recognize the increased ability of a number of conspirators to lessen competition.[109] Corporations are subject to the provisions of the antitrust laws.[110] And this Court has held that common control of corporations does not afford an excuse for the commonly controlled corporations to conspire in restraint of trade.[111] These decisions are sound. If a controlling entity decides to form one or more legally separate entities to obtain tax, accounting or other business advantages, it is only fair to require the controlling entity to also assume responsibility for maintaining dealings with and among the controlled entities to the same standards established by law which unrelated entities must meet in their dealings. We therefore believe that Automobile Body and respondent have conspired to restrain competition in unpatented replacement top fabrics and thereby violate sections 1-3 of the Sherman Act.[112] This conspiracy contemplated Automobile Body continuing to receive royalties under both patents for the sale of unpatented top fabrics covered by neither patent, while respondent sought to enjoin petitioner Aro,

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[107] United States v. Rabinowich, 238 U.S. 78, 88 (1915); Woods v. United States, 240 F.2d 37, 41 (1956), *cert. denied*, 353 U.S. 941 (1957).

[108] Duplex Co. v. Deering, 254 U.S. 443, 465 (1921); Pettibone v. United States, 148 U.S. 197, 203 (1893).

[109] Sherman Act §§ 1-3, 69 Stat. 282 (1955), 15 U.S.C. §§ 1-3 (1958), *infra*, 78-79.

[110] Sherman Act § 8, 26 Stat. 210 (1890), 15 U.S.C. § 7 (1958); Clayton Act § 1, 38 Stat. 730 (1914), 15 U.S.C. § 12 (1958).

[111] Kiefer-Stewart Co. v. Joseph E. Seagram & Sons, Inc., 340 U.S. 211, 215 (1951); United States v. Yellow Cab Co., 332 U.S. 218, 227 (1947). See also Timken Roller Bearing Co. v. United States, 341 U.S. 593, 597-98 (1951).

[112] Note 109 *supra*.

probably the biggest competitor of Automobile Body's licensees, from selling the unpatented top fabrics. We also believe that Automobile Body violates section 3 of the Clayton Act[113] because it conditions a license to use combinations covered by both patents on the user purchasing replacements for worn unpatented fabrics from sources designated by and paying royalties to Automobile Body.

It is the duty of a court of equity to withhold aid from a patentee with unclean hands who is pressing an infringement action. *Precision Co.* v. *Automotive Co.*, 324 U.S. 806 (1945). The defense of misuse of patents is of such importance that it may be asserted at any time. *Frank Adams Electric Co.* v. *Westinghouse Electric Mfg. Co.*, 146 F.2d 165, 167 (8th Cir. 1945), even in a second lawsuit involving the same patentee plaintiff and the same defendant, *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661 (1944). We believe that the conduct of respondent and/or the licensing corporation, Automobile Body, is far below the high standard of conduct which patentees must meet in order to seek the aid of equity in enforcing patent rights. And the inequitable conduct of Automobile Body is not purged by transferring rights to respondent, *Sample* v. *Barnes*, 55 U.S. (14 How.) 69, 73 (1852), for equity looks with great disfavor upon one who tries to litigate his individual patents asserted against the same defendant in separate suits. *Helene Curtis Industries* v. *Sales Affiliates*, 247 F.2d 940, 945 (2d Cir. 1957). As this Court said in *Precision Co.* v. *Automotive Co.*, 324 U.S. 806, 816 (1945):

> . . . A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the "Progress of Science and use-

[113] 38 Stat. 731 (1914), 15 U.S.C. § 14 (1958), *infra*, 80.

ful Arts". At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.

VIII.

THE TOP FABRIC DOES NOT MEET THE CONSTITUTIONAL STANDARDS OF INVENTION. IF THE STATUTE IS CONSTRUED TO AUTHORIZE THE GRANT OF LIMITED MONOPOLY RIGHTS OVER THE TOP FABRIC, THE STATUTE IS UNCONSTITUTIONAL.

For purposes of the argument made above, we have assumed the top fabric itself was an invention at the time the Mackie-Duluk patent application was filed and could have been separately claimed as such. In fact, the top fabric standing alone does not meet either the statutory or constitutional standards of invention.

Respondent argued in the Court of Appeals that a top fabric with a rear flap was an invention.[114] In this Court it suggests that the fabric is a patented invention.[115] But in the District Court where the validity of the combination was in issue, respondent emphasized the importance of the cooperation among the different elements in arguing that the combination was an invention.[116]

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[114] Brief for Appellee, p. 8 fn.

[115] Opposition Brief for Respondent p. 11.

[116] In arguing the validity of the patented *combination* over the prior art Ackermans patent (Def. Ex. GG; R. 267, 569-78), Mr. Pollock said, ". . . there is the important distinction that in Mackie-Duluk the fabric extends down to the trough and is permanently attached to it . . ." "I will further note that in the Mackie-Duluk structure there is

Figs. 9 and 10 of the prior art (R. 29) Ackermans patent (Def. Ex. GG; R. 267, 571) show a top fabric **126** having a rear flap **130** which functions to carry seals **128** which "contact the inner edge of the body at and below the belt line **121** to minimize the seepage of water through the juncture between the top and the body of the vehicle." (R. 575, Col. 6, ll. 25-29) and direct water seeping through the juncture between the top and the body to the rain trough 124 (*Id.*, ll. 20-22).

Fig. 3 (R. 581) and Fig. 10 (R. 583) of the Best patent (Def. Ex. GG; R. 267) show a top fabric **18** having downwardly extending side panels **20** (R. 585, Right Col., ll. 49-50) which are snap fastened by the moveable parts **59** and the pins **58** to secure the top fabric to the inside of the body at these points (R. 568, Right Col., ll. 33-36). From a comparison of these top fabrics with the top fabrics sold by the petitioners (R. 507, 519, 531) it is evident that the top fabric fragmentarily illustrated but not claimed in the Mackie-Duluk patent is itself not an invention. In substance, the top fabrics sold by petitioners are like those in the prior art. The only difference might be one of dimensions or slight variation in shape, but it is well settled that a mere change of form is not patentable.[117]

While the Court of Appeals said form in itself is patentable, citing *Wilson* v. *Simpson*, 50 U.S. (9 How.), 109 (1850), we note that this case was decided before the Court

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what we call a wiper arm. This wiper arm exerts pressure on the fabric or at least restricts the inward movement of the fabric. This becomes very important under actual operating conditions since this of itself prevents the top material at the rear quarter from being inside or from flapping about, due to wind forces or other forces which might be applied." (R. 301).

[117] Howard v. Detroit Stove Works, 150 U.S. 164, 170 (1893); Pope Mfg. Co. v. Gormully & Jeffery Mfg. Co., 144 U.S. 238, 247-48 (1892); Butler v. Steckel, 137 U.S. 21 (1890); Burt v. Evory, 133 U.S. 349, 358 (1890); Hill v. Wooster, 132 U.S. 693, 700-01 (1890).

decided *Hotchkiss* v. *Greenwood*, 52 U.S. (11 How.) 248 (1850) establishing the first requirement of "invention". The Court there defined invention as a change not within the "ingenuity or skill . . . of an ordinary mechanic acquainted with the business".[118] Any change not within the ingenuity or skill of an ordinary mechanic acquainted with convertible automobiles taught by Mackie and Duluk resides in "fastening the folding material considerably below the top of the tonneau and then using a wiper arm automatically operated by the bow structure for wiping the inside of the folding material as the top is raised and pressing it against the top of the tonneau" (Pl. Ex. 2, R. 104, 445) as stated by the General Motors attorneys to the Patent Office Examiner during the prosecution of this application. That is, the invention of a CONVERTIBLE FOLDING TOP WITH AUTOMATIC SEAL AT REAR QUARTER (R. 589) is in a combination of elements, not the top fabric itself.

Since the top fabric itself does not meet the constitutional standards of invention, the decision of the court below construing the provisions of contributory infringement as granting the patentee a limited monopoly to top fabrics used in the invention is an interpretation which is inconsistent with the Constitution. Only the discoveries of inventors may be protected, and then only to the end of promoting the useful arts. As Mr. Justice Douglas said:

> It is worth emphasis that every patent case involving validity presents a question which requires reference to a standard written into the Constitution. Article I, § 8, contains a grant to the Congress of the power to permit patents to be issued. But, unlike most of the specific powers which Congress is given, that grant is qualified. . . . The Congress acts under the

[118] 52 U.S. (11 How.) at 267.

> restraint imposed by the statement of purpose in Art. I, § 8. The purpose is "To promote the Progress of Science and useful Arts. . . ." The means for achievement of that end is the grant for a limited time to inventors of the exclusive right to their inventions.
>
> . . .
>
> The standard of patentability is a constitutional standard . . .[119]

In *Mercoid* Mr. Justice Jackson said:

> I see no constitutional or statutory authority for giving . . . [a combination patent] additional value by bringing into its monopoly all or any of the unpatentable parts.[120]

We agree with the statement that the grant for a limited time to inventors is of the exclusive right to their inventions, not to a part which is used in their invention. Since the top fabric does not meet the constitutional standard of invention, Congress has no authority to give respondent the exclusive right to top fabrics used as a part of the combination covered by its patent. The protection afforded by Congress is limited to new and useful inventions.[121] As we stated above, we believe that Congress enacted the

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[119] A. & P. Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 1 (1950) (concurring opinion). See also Hill v. Wooster, 132 U.S. 693, 701 (1890) and Thompson v. Boisselier, 114 U.S. 1, 11 (1885).

[120] 320 U.S. at 680 (dissenting opinion). The dissenters said that Mercoid should have raised the defense of misuse in an earlier suit in which it assumed the defense of a householder held to have directly infringed by using the whole patented combination. But the entire Court agreed that since the purchase and use of the unpatented thermostat by the householder was not an infringement, the seller of the thermostat could not be amerced as a contributory infringer. *Id.* 674, 676, 680.

[121] Note 119 *supra.*

provisions on contributory infringement to allow the patentee to prevent the sale of what is technically not patented but is in substance his patented invention. Our proposed interpretation is both constitutional and consistent with all the purposes of the provisions,[122] whereas the interpretation of the court below not only seems unconstitutional, but is also inconsistent with the purposes of these provisions.[123]

In *Supermarket* Mr. Justice Jackson said:

> Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements.[124]

If courts should be reluctant to confer monopoly rights upon an assembly of old elements, we see no logical reason for attaching the privileges of a patent to one of the old elements which was never even claimed as an invention in the patent on the assembly, merely because the dimensions of the old element are selected to fit in the assembly. That the specially made part fits in a combination which may meet the constitutional and statutory standards of invention does not justify relaxing these standards when evaluating the merit of the part standing alone. The top fabrics sold by petitioners do not meet either of these standards. Hence, there is neither statutory nor constitutional authority for preventing petitioners from selling top fabrics to anyone.

The consequences of a standard of invention loose enough to regard the top fabric alone as an invention were well

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[122] *Infra*, 30-48.

[123] *Infra*.

[124] 340 U.S. at 152.

stated by Mr. Justice Bradley nearly eighty years ago in *Atlantic Works* v. *Brady*, 107 U.S. 192, 200 (1882):

> It was never the object of those laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures. Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate inventions. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvements, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.

The words of Mr. Justice Bradley aptly describe the series of events initiated by Automobile Body in its plan to exact royalties from the sale of unpatented replacement top fabrics. This Court is respectfully urged to discourage others from following the same course in the future by subjecting respondent to liability for its violation of the antitrust laws.

Conclusion

In view of the above discussion and authorities, it is respectfully requested that this Court reverse the decision of the court below with instructions to declare that the patent in suit has been misused, that petitioners do not infringe nor contributorily infringe said patent by making or selling unpatented top fabrics, or by installing unpatented top fabrics which replace worn ones, that respondent has violated the antitrust laws, and that petitioners be awarded three times the damages proved for such violations, costs and reasonable counsel fees.

Respectfully submitted,

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Appendix A

§ 271. Infringement of patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as in infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement. 35 U.S.C. § 271.

§ 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section

102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made. 35 U.S.C. § 103.

§ 112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most clearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof. 35 U.S.C. § 112.

§ 282. Presumption of validity; defenses

A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement, or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

ANTITRUST LAWS

Sherman Act

Section 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal: *Provided*, That nothing herein confained shall render illegal, contracts or agreements prescribing minimum prices for the resale of a commodity which bears, or the label or container of which bears, the trade mark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions, under any statute, law or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in which such resale is to be made, or to which the commodity is to be transported for such resale, and the making of such contracts or agreements shall not be an unfair method of competition under section 5, as amended and supplemented, of the

act entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", approved September 26, 1914: *Provided further*, That the preceding proviso shall not make lawful any contract or agreement, providing for the establishment or maintenance of minimum resale prices on any commodity herein involved, between manufacturers, or between producers, or between wholesalers, or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other. Every person who shall make any contract or engage in any combination or conspiracy hereby declared to be illegal shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments in the discretion of the court. 69 Stat. 282, 15 U.S.C. § 1.

Sec. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court. 69 Stat. 282, 15 U.S.C. § 2.

Sec. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared illegal. Every person who shall

make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court. 69 Stat. 282, 15 U.S.C. § 3.'

Sec. 8. That the word "person", or "persons", wherever used in this act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country. 26 Stat. 210, 15 U.S.C. § 7.

Clayton Act

Sec. 3. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies or other commodities, whether patented or unpatented, for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement, or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodity of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement, or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce. 38 Stat. 731, 15 U.S.C. § 14.

Sec 4. That any person who shall be injured in his business or property by reason of anything forbidden in the

antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee. 38 Stat. 731, 15 U.S.C. § 15.